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Austria	Sch 15	Indonesia	Rp 1600	Philippines	Pes 20
Bahrain	Din 0.650	Italy	L 1100	Portugal	Esc 65
Belgium	Fr 35	Japan	Y 250	S. Arabia	Rls 6.00
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Greece	Dr 60	Netherlands	Fl 2.25	U.A.E.	Dh 6.50
India	Rp 15	Norway	Kr 8.00	U.S.A.	$1.50

Wall St prices: full listings, Pages 24–26

NEWS SUMMARY

GENERAL

Reagan proposes N-missile ban

President Reagan proposed in an open letter to Soviet leader Yuri Andropov that they meet to sign an agreement banning all U.S. and Soviet intermediate land-based missiles, Vice President George Bush announced last night in Berlin.

This was part of Mr Bush's bid to win back European public opinion, particularly in West Germany, over the nuclear arms issue.

Mr Bush said Washington had been consistently ready over the years to negotiate on arms control, while Moscow had stalled. "The United States has maintained a decade-long de-facto freeze during the time the Soviet Union pursued a vigorous military build-up he said. Page 14

Martens survives

Belgian Premier Wilfried Martens' Centre-Right coalition emerged intact after 18 hours of talks spanning three days, but battered by growing regional and language-group tensions. Page 14

Lebanon: Round 11

U.S., Lebanese and Israel negotiators met south of Beirut for the 11th round of talks on Israeli withdrawal from Lebanon. Palestinian officials will meet today in Damascus to discuss the situation in Israeli-occupied West Bank and Gaza strip.

Shcharansky 'grave'

Soviet dissideot leader Anatoly Shcharansky is in "very grave" condition in prison, his mother is quoted as saying.

Mengele 'sighted'

Auschwitz doctor Josef Mengele has been identified living with a Mennonite religious group in north Paraguay, Nazi-hunter Simon Wiesenthal said.

Kampucheans flee

Vietnam launched a major assault on the biggest refugee camp oo the Thai-Kampuchean border, sendiog thousands of Kampucheans fleeing into Thailand. Page 6

Navon challenge

Israel's President Yitzhak Navon will not seek a second five-year term, opening the way for his possible return to politics to challenge Premier Menahem Begin's ruling Likud bloc. Page 6

Buthelezi warns

Chief Gatsha Buthelezi, South African black leader, left for the United States to warn politicians that South Africa's proposed constitutional reforms would lead to violence.

Colombia kidnap

Colombian guerrillas kidoapped two cattle-breeders and the wife of o local politician, a military officer said.

Blow-out problem

Pipeline workers in Hungary failed to bring a gas-well blow-out under control.

Greenland campaign

Premier Jonathan Motzfeldt is to tour Europe with the message that Greenlanders do not kill baby seals, io an attempt to halt the fall io sealskin prices.

Briefly . . .

Czech lieutenant-colonel asked for asylum in West Germany.

Naples: Prison officer was shot dead after leaving work.

Three Tanzanian soldiers were shot dead, and three injured, in an ambush

BUSINESS

Pound at new low in London against $

● STERLING closed in London at record closing low against the dollar, $1.52, because of fears of lower oil prices, 1.6c down on the day. But it improved to DM 3.75 (DM 3.7375), FFr 10.63 (FFr 10.585), SwFr 3.0625 (Swfr 3.055) and Y365 (Y363). Its trade weighting was 80.9, unchanged from Friday's close. Page 30

● DOLLAR stayed firm in line with Eurodollar rates and ahead of the U.S. budget. It rose to DM 2.466 (from DM 2.431), FFr 6.905 (FFr 6.8925), SwFr 2.0135 (SwFr 1.9875) and Y240 (Y236.25). Its Bank of England trade-weighted index was up from Friday's 120.1 to 121. Page 30

● GOLD touched $503.5 in London, but closed at $500, $5.5 up from Friday's close. In Frankfurt it was up $6.5 at $499.5, and in Zurich up $7 at $501.5. Page 27

The Financial Times' International edition today begins comprehensive coverage of Wall Street – both the New York and American stock exchanges. Full price listings of all traded shares appear today on Pages 24–26 in Section III. The new International Markets section also includes reports and analysis of stock market movements and trends in New York, London, Tokyo and other leading European and Asian exchanges, published today on Page 23.

● LONDON: FT Industrial Ordinary index rose 2.7 to 622.7. Government Securities showed losses averaging just under 0.75 per cent. Page 23

● WALL STREET: Dow Jones index closed 10.95 up at 1075.70. Page 23

● TOKYO: Nikkei Dow index improved by 11.19 to 8104.47. Stock Exchange index edged up by 0.76 to 588.35. Page 23

● HONG KONG: Hang Seng index dropped 12.78 to 887.04. Page 23

● AUSTRALIAN exchanges were shut for the Australia Day holiday.

● FRANKFURT: Commerzbank index put on 12.1 at 756.1. Page 23

● SWITZERLAND is to spend SwFr 970m ($489m) to stimulate its economy. Page 3

● ZURICH stock exchange turnover rose almost 30 per cent to a record SwFr 190.8bn ($96bn) last year. Page 15

● SOUTH AFRICA's exports to black Africa fell from R1,038m to R926m ($872.7m), the second consecutive fall. Page 6

● OMAN expects its budget deficit to rise from a target 166m riyals in 1982 to 207m riyals ($599m) this year.

● COCOA prices reached 16-month highs in London, with the May position £24 up at £1,295.5 ($1,969.2) a tonne. Page 27

● SWEDEN's centralised pay talks broke down. Page 2

● AUSTRALIA and Japan are to discuss allowing each other's banks to open branches in their countries. Page 16

● INDONESIA is raising a $1bn loan equally split between London interbank offered rate and U.S. prime rate tranches. Page 21

● MALAYSIA exported liquefied natural gas for the first time, to Japan. Page 6

COMPANIES

● PEUGEOT, France's No 2 motor company, has pulled out of loss-maker Motra Automobiles. Page 13

● BURROUGHS, U.S. computer and office equipment group, reported 1982 operating earnings of $165.9m ($148.9m). Page 15

Reagan's cuts plan barely narrows 'structural' deficit

BY ANATOLE KALETSKY IN WASHINGTON

President Ronald Reagan formally presented his 1984 budget to Congress yesterday, calling for a sweeping austerity programme which would cut almost every aspect of U.S. government spending except defence, which will continue to grow at a rate of 9 per cent a year real term.

The budget will increase taxes oo personal incomes, payrolls, energy and medical benefits in the next five years.

Despite these budget measures, however, the detailed projections officially made public yesterday make it clear that the President does not intend to reduce the underlying gap between governmeot revenues and expenditures towards the level which was typical in the 1960s, before the inflationary surge of the last decade.

Eveo by 1988, after six years of sustained economic growth, the U.S. government's total borrowing requirement would be equal to 2.6 per cent of gross national product and would absorb 38 per cent of the private sector's net savings if Congress implemented fully the plan presented yesterday.

Although the President was widely praised in Congress for his unusually cautious and realistic assessments of the country's economic prospects, congressional leaders predicted fierce battles over his spending priorities and his proposal for "standby" tax increases, to be legislated this year, but not implemented until October 1985.

Congressmen, who were briefed oo the budget last Friday but received full details only on Sunday night, are also likely to become coocerned about the persistence of the underlying "structural" deficits in the President's plans.

Although the government's total deficit is due to be reduced from $225bn in 1983 to $126bo in 1988, the budget documeot contains a oew analysis distinguishing the elements of the deficit due to recession from the "structural" deficit which is due to a permanent imbalance between governmeot spending and revenues.

This analysis suggests that, even after all the oew measures in the 1984 budget, the "structural" deficit would be reduced by only by $20bo io the next five years – from $135bn in 1984 to $115bn in 1988.

Mr Donald Regan, the Treasury Secretary, asked why the President was not proposing to reduce deficits more rapidly by rainsing taxes before October 1985, ooted yesterday that 1984 "is an election year." It is generally agreed in Congress and the White House thet it would be unwise to raise taxes before 1984, until an economic recovery was well under way.

Congressional leaders from both parties predict, however, that they are likely to reject the President's proposals for $146bo of "standby" tax increases, which are due to begio in October 1985 unless deficits fall unexpectedly below 2.5 per cent of GNP.

Instead Congress is likely to repeal the indexation of persooal income tax brackets, a move whicb Presideot Reagan bas promised to oppose.

Both Mr Regan and Mr Martin Feldstein, cbairman of the Council of Economic Advisers, made it clear io a special briefing yesterday thet they did not think it likely that the oeed for oew taxes could be avoided as a result of faster than expected economic growth in the next two years.

This would require growth between 5 and 5.5 per cent a year, Mr Regan said.

Mr Feldsteio said, however, that the budget forecast of 3.1 perceot growth between the fourth quarters of 1982 and 1983, followed by an average of 4 per cent growth in the later years was "prudent, credible

Continued on Page 14

Details, Page 4; Lex, Page 14; Market reaction, Page 23

Nigeria under pressure to reduce oil price

BY QUENTIN PEEL IN LAGOS

NIGERIA IS under severe pressure to cut its oil price after the failure of Opec to agree on production quotas. A slump in oil sales resulted in a cut of up to 30 per cent in oil production last mooth, according to oil industry officials in Lagos.

Forecast average production for January is put at about 800,000 barrels a day (b/d) compared with 1.2m b/d in December. Productioo rate is the lowest since August, 1981, when Nigeria was last thought to offer discounts to sell its crude, but this time it has come in a month wbeo production is oormally at its peak.

January crude productioo bas fluctuated sharply: it began at around 1m b/d, fell to little more than 500,000 b/d in mid-mooth, recovered to almost 900,900 b/d and then in the past week has fallen again to a rate below 800,000 b/d. Oil company officials believe that a further slump in February is oow inevitable.

The drop in oil sales has occurred across the board – in loog-term cootracts to the major oil companies, sales to independent oil traders, and government-to-government deals, according to oil company officials. At least one major producer – Gulf Oil, traditiooally the secood largest in Nigeria after Shell – has cut hack production to 100,000 b/d, producing no oil for export.

Long-term contracts which a year ago accounted for 500,000 h/d of Nigeria's production oow total less than 300,000 h/d, according to reliable estimates. Most if not all the oil companies bave oow served formal requests to the Nigerian National Petroleum Corporatioo (NNPC) to reduce the cootract price.

However, Nigerian oil officials are urgently lohhying fellow members of Opec to patch up an agreement oo productioo quotas wbich would support the present price structure, or possibly allow a modest hut co-ordinated price cut.

Meanwhile, Mr Mallam Yahaya Dikko, the president's oil adviser and curreot president of Opec, and Mr Lawreoce Amu, the managing director of the NNPC, are leaving this week for a series of meetings in the U.S. and Europe with the oil companies operating in Nigeria, to review long-term strategy. There is considerable speculation in Lagos that they will also be forced to review their immediate pricing policy.

Both governmeot and oil company officials here agree that the insistence of Saudi Arahia and the other Gulf oil producers that African exporters should increase the premium they charge for their ligbt crudes – currently $1.50 above the $34 Saudi marker price – is unreasooable, giveo the weak oil market. "It would be suicidal for Nigeria to increase the differeotial," one leading producer said. "Nobody can afford to lift oil at a peoalty of $3 or $4 a barrel."

Continued on Page 14

Exodus chaos, Page 14

Japanese to back Dome project for liquefied natural gas

BY ROBERT GIBBENS IN MONTREAL

DOME PETROLEUM, the deeply trouhled Canadian energy group, expects to start work oo the country's first bquified oatural gas export project late this year.

It will be backed hy Japanese finance totalling $2bn lent at 9.75 per cent over 10 years. The project is expected to come on stream in 1986-87, so the financial benefits will give little relief in the short term for Dome which is burdened by heavy dehts.

The project to export 154bo cu ft of gas annually to five Japanese utilities over 20 years was approved in principle by Canada's National Energy Boerd last week. ft will cost about $4bn, including a pipeline from Alberta and British Columbia gas fields and five LNG carriers, but excluding field developmeot aod gas processing units.

The capital to be put up by Dome itself will be minimal. The liquefaction plant and termioal oo the British Columbia coast will cost about $2bn, the pipeline to be built by Westcoast Transmission about $1bn, and the ships nearly $1hn. These will almost certainly be built in Japan with some Canadian components.

Dome will use the Japanese loans to construct the LNG plant and loading terminal and service the debt from the project's cash flows. The pipeline will be financed separately by Westcoast and the ships also financed separately. Dome will lease the ships from the owners. Investmeot io production facilities will be handled by the gas producers.

Dome expects that over the life of the project total revenues will be about $90bn, of whicb about balf will go to Goveromeot

Dome will get revenues from the LNG oroject well before it can hope for production from its oil and gas reserves in the Beaufort Sea. It recently received the last tranche of a $400m exploration loan from the Japanese for its Beaufort Sea work.

Dome's main Japanese partner io the LNG project is Nissbo Iwai Corporation besides the five utilities.

Canadian results, Page 15

Howe gives four-point plan for world recovery

By Max Wilkinson, Economics Correspondent, in London

SIR GEOFFREY HOWE, the UK Chancellor, yesterday outlined the four-point strategy for world economic recovery which he will be putting to finance ministers and bankers at next week's meeting of the International Monetary Fund in Washington.

Sir Geoffrey, who will chair the fund's interim committee meeting, spoke of a world still wracked by "serious problems," after adjusting to a series of major shocks.

The Chancellor used his appearance before a committee of British members of Parliament, to issue a carefully prepared statement on the banking and financial difficulties facing the world.

He said: "The world will not achieve stability again until we create a satisfactory framework, and disciplines, which ensure more consistent policies and restore confidence in currencies.

Our immediate priority, in the short term, is to nurture the process of recovery in a very difficult period."

In spite of some shift of emphasis towards the need for recovery, as opposed to financial discipline, Sir Geoffrey warned that although there were some signs of recovery, "it will not – and should not – be too rapid."

He rejected the idea, recently echoed by Mr Donald Regan, the U.S. Treasury Secretary, that a shake-up of the world's international institutions was needed in a new "Bretton Woods" type of agreement.

Sir Geoffrey thought a new stability should be based on existing institutions, including the IMF, set up at the Bretton Woods conference after the war.

His four point "strategy for recovery" was based on:

● More stable exchange rates. These should be achieved by prudent monetary and fiscal policies, rather than by massive capital controls, or large scale intervention on the foreign exchanges.

● A correct balance of individual countries' policies. The U.S. should control its budget deficit. But Sir Geoffrey also touched on the controversial question of reflation by saying: "Where the budget deficit is under control and the external position strong, there may be scope for a rise in domestic activity to sustain the recovery."

Continued on Page 14

Chile suspends repayments on $17bn debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

CHILE is to stop making repayments of priocipal to foreign hanks oo its $17bo foreign deht for 90 days while it works out a rescheduling and new loan agreement with foreign bank creditors.

The suspension of payments is broader in scope than had been predicted by many ioternational bankers.

The couotry's debt problems stem largely from its ailing private sector, but io a telex seot last weekend to foreign bank creditors Sr Rolf Luders, Economy and Finance Minister, and Sr Carlos Caceros, central bank governor, said the suspension applied to puhlic-sector deht as well.

This comes against the background of a fall in reserves, which the telex says has accelerated in recent weeks, and Cbile's ioability to borrow abroad io the wake of the Latio American debt crisis.

But the telex also acknowledges that Chile's borrowing problems have been compounded by the country's very serious recessioo – output fell 13 per ceot last year – end by the recent decision of the Government to take over day-to-day running of five commercial banks and close down three others.

Following talks last week with bankers in New York Chile has set up a 12-bank-strong advisory of foreign bank creditors to help devise a rescbeduling plan expected to cover some $3.5bn in deht and raise new loans of up to $1hn.

Banks in the group are Bank of America, Bank of Nova Scotia, Bank of Tokyo, Bankers Trust, Chase Manhattan, Chemical Bank, Citibank, Credit Suisse, Deutsche-Südamerikanishe Bank, Midland Bank, Manufacturers Hanover and Morgan Guaranty.

Chile bas already signed an agreement with the International Monetary Fund for loaos totalling SDR 795m ($855m), of which SDR 417m bad already been drawn on January 10. Uoder the IMF programme, Chile is supposed to cut its current account balance of payments deficit to $1.6bn this year from $4.8hn last, restore ecooomic growth at a rate of 4 per cent per annum, keep inflation below 25 per cent and reduce unemployment to 14 per cent from 21 per cent.

But Sr Luders and Sr Caceres made clear to foreign bankers that Chile did not iotend to renounce its free markel approach to ecooomic policy making. State intervention in the banking system, which embraced the country's two largest commercial banks, Banco de Chile and Banco de Santiago, was made necessary "by the magnitude of anticipated loan portfolio losses." All the banks concerned are to be returned to private management as soon as possihle.

Chile will cootioue to pay interest on its foreign debt

Mexico misses payment, Page 5; Editorial comment, Page 12

Hungary to seek Western loan

BY DAVID BUCHAN IN BUDAPEST

HUNGARY is negotiating for a medium-term loan from western banks to build up its depleted reserves and to diminish the proportioo of its short-term deht, Mr Janos Fekete, first vice-president of the National Bank, said yesterday.

The country will have enough hard currency to cover the repaymeots of $1bn in medium-term loans due this year, according to Mr Fekete, who is in charge of Hungary's international monetary affairs. It is to get a further $400m this year from the Internatiooal Monetary Fund, under a standby credit programme aimed at providing a $600m coovertihle currency surplus oo its 1983 curreot account.

But Hungary oeeds to draw again from western capital if it is to build up reserves which were run down substantially during last spring's liquidity crisis.

Last Aogust, Hungary turned to a U.S. bank, Manufacturers Hanover, to lead negotiations for a $260m medium-term loan. "At that time, leadership by an American bank was important because of prevailing doubts about U.S. willingness to differentiate betweeo east European borrowers in Hungary's favour," Mr Fekete said.

With those doubts dispelled, the Hungarian Natiooal Bank has turned to a major European bank to lead the new loan oegotiations. Mr Fekete, however, has not yet said which major hank had been approached.

CONTENTS

EUROPEAN NEWS

French produce less coal at greater cost

BY DAVID MARSH IN PARIS

THE FRENCH Government bas made known its worry aboul the financial state of the coal induatry following a sbarp drop io production last year and a big increase in state aid to Charbonnages de France (CdF), the country's coal board.

"Anxiety" about the need for financial equilibrium al CdF was expressed by M Pierre Mauroy, the Prime Minisler, in a letter published in the Communist newspaper "L'Humanité" yesterday, to M Georges Marchais, the Communist party leader.

M Mauroy . . . . anxious about the industry

Thia followed publication of CdF results for the year which sbowed coal production in 1982 dropping to 18.3 tonnes from 20.1m in 1981, partly because of a sharp decline in productivity.

CdF's coal business roogbly broke even last year afler total state subsidies of FFr 5.8bn (£539m), up sbarply from FFr 4.2bn (£390m) in 1981, which are due to rise further to FFr 6.5bn (£604m) this year.

Overall, the board made a loss of around FFr 1 bn (£93m), due principally to its chemicals offshoot, CdF-Chimie, which is one of the slate-owned Industrial groups giving the Government the lergest headaches.

In his letter, M Mauroy said that coal production was expected to stabilise at between 18m tonnes and 20m tonnes this year, significantly above the level planned by the previous Governmeot.

He said that CdF's investments were increasing fast—from FFr 1.6bn in 1981 to FFr 2.6bn in 1982, expecled to grow to FFr 3.1bn this year.

In its report on its results, CdF sald, bowever, that the cut in the working week to 39 hours had been one of the reasons for e fall in output per man per work station to 3,299 kg in 1982 from 3,537 kg in 1981, the first fall for many years.

Partly due to technical and geological problems, the cost of production also rose by 28 per cent compared with 1981 while sales prices fell by 9 per cent in constant franc terms. This led to a tripling of the loss per lonne of coal exploited, from FFr 57 (£5.30) in 1981 to FFr 169 (£15.70) in 1982.

● France has asked Afghanistan for information aboul a 30-year-old French doctor captured by Soviet and Afghan troops bouth of Kabul. AP reports from Paris. Dr Philippe Augoyard, a member of the French bumanitarian organisation International Medical Aid, was taken prisoner last month.

Production up 6.3% in car industry

By Our Paris Staff

THE FRENCH car industry, which last year enjoyed one of the most buoyant markets in Europe, increased prodnction by 6.3 per cent to 2.78m units, according to figures from the vehicle manufacturers asociation.

The increase was achieved in spite of losses of about 100,000 cars through strikes in mid-year. The figure for the year—for which a record registration total of 2.06m cars has already been announced—was below the record 3.2m achieved in 1979. however.

In spite of competitive difficulties on foreign markets, car exports rose 5 per cent last year to 1.46m.

The commercial vehicle sector was in mnch worse shape with production of units of les than 5 tonnes falling 8.8 per cent to 328,000 and exports dropping 9.5 per cent to 119,000.

...Production of vehicles above 5 tonnes dropped 8.7 per cent to 14,000, while exports plunged 18.5 per cent to 21,000.

The car sector profited from the period of price stability during the Government's price freeze up to the end of last October. But the figures showed that production rose 13 per cent in the final quarter compared to the same period of 1981, while exports were up 12.8 per cent and registrations 16.6 per cent.

The trouble-hit Renault car plant at Flins near Paris was gearing up yesterday to a full resumption of output fol-...lowing the settlement of a strike which lasted more than three weeks. The plant is not expected to return completely to normal until today.

John Wyles in Brussels examines the community's attempts to liberalise its markets

EEC trade evangelists tackle protectionism

IN THEIR conduct of internal community affairs, EEC governments tend to resemble those biblical evangelists, celebrated in the southern states of America, whose private behaviour fell sadly short of the atandards they preacbed. Nowbere more so than in the way the Ten regulate intra-community trade.

These commercial exchanges ought to represent the fulfilmeot of the Treaty of Rome's high-minded commitmenl to a common market of freely circulating goods and services. More cynically they actually represent that proportion of a larger potential trade whicb is able to sidestep the growing non-tariff barriers within the EEC.

However, an important ministerial meeting in Brussels today bas an opportunity to begin knocking holes ln the walls of internal protectionism.

Under the chairmanship of that most rhetorically pugnacious exponent of the free market. Count Otto von Lambsdorff, the West German Economics Minister, the meeting is under pressure to make progress on three dosiers wbose lechnical complexity bas been allowed to oversbadow their political and commercial significance.

According to a backgronnd catalogue compiled by the European Commission, member states resort to at least 23 practices to protect their own markets and which will come under the spotlight at today's meeting. These are used to regulate imports from EEC partners and from third countries and to give their own domestically manufactured goods a competitive advantage in their bome markets.

> An important iministerial meeting in Brussels today has an opportunity to begin knocking holes in the walls of internal protectionism. It has the tough task of organising a political revival of long-stalled efforts to sweep away technical barriers to free trade.

Today's meeting of the Council of Ministers has the extremely tough task of organising a political revival of long-stalled efforts to sweep away technical barriers to trade. It derives real significance from the facl that the European Council meeting of beads of government io Copenhagen last December sel an eod of March deadline for agreemeol on a package of priorities concerning trade liberalisation specified by the European Commssion.

While the European Council almost certainly underestimated the difficulties involved, its somewhat startling initiative is being siezed eagerly by the West German coalition as an opportunity to chalk up an achievement in its handling of the EEC Presidency before the German elections on March 6.

Similarly, Herr Karl-Heinz Narjes, the West German commissioner responsible for the EEC's internal market, is determined to carry off some vital agreements on the back of the Copenhagen summil's deadline.

Failure, however, will do less damage to Herr Narjes than it will to the European Council, whose political authority will bave been severely compromised.

Count Lambsdorf, for his part, bas two basic objectives for today's meeting. The first is to establish sufficient political agreement to clear the way for the adoption of two directives et another meeting on March 1.

The first directive is a highly controversial proposal governing access for third country products lo community certification. The other would establish a procedure for exchanging information between member states on the introduction and lmplementation of technical atandards.

Count Lambsdorf'a other objective ls to launch a discussion aimed at reaching early agreement on measures to simplify border formalities affecting the passage of goods from one member state to another.

Agreement on the third country certification problem would remove a direct obstacle to the adoption of a further 20 directives selting single community standards for a variety of goods from cars lo medical equipment.

A single set of community standards for key products would obvlously simplify—and probably cbeapen—the production tasks of any third country manufacturer by eliminating the patchwork of national regulations deployed against him.

The EEC'a attempts to harmonise such standards bave been atalled for the past six years largely because of European fears that this will result in still greater import penetration.

If a political breakthrough is to be achieved in the next month, It will be on the basis of a compromise allowing a member state to ban a particular third country import if lt conclndes that it does not satisfy the requirements of a community standards directive.

But West Germany, the UK and the Netherlands are worried that France will exploit this facility to protect its internal market.

As a result, Ministers have to resolve the argument over how the Community should police the aystem to prevent any member state making prejndiced judgments in response to trade pressures.

France, predictably, wants to maintain as much freedom as possible to regulate imports on a national basls. Paris is clearly uneasy about the whole internal market exercise and seems ready to refuse to lay down national trade defences unless the Community takes tougher measures to control sensitive imports from third countries.

More freedom for internal commerce could thus carry the 10 in the direction of "Fortress Europe."

Sweden's national pay negotiations collapse

BY OUR STOCKHOLM CORRESPONDENT

SWEDEN'S centralised wage negotiations broke down yesterday, leaving the future course of a pay settlement in doubt at a critical point in the economic planning of Mr Olof Palme's new Social Democratic Government.

The 22-member Lands organisation (LO), which represents the blue-collar unions, formally rejected the wage proposal offered by the employers' federation (SAF). It gave the required seven-day notice that it plans to withdraw from all existing lebour agreements.

The emoloyers had proposed that existing wage agreements be extended for one year, after failing to agree among themselves on a negotiating stand. Some of the larger employers, like Volvo and Atlas-Copco, have been publicly pressing for separate agreements within each industrial sector.

The unions ere seeking a general wage rise of 2.1 per cent which together with the increase resulting from the existing egreement would increase pay by 6.5 per cent thls year. It supports Mr Palme's call for pay restraint to help Swedisb industry take full advantage of the krona's 16 per cent devaluation last October. A pay settlement at this level would imply a drop in real disposable income this year. LO member unions bave sald they will now seek a settlement of this size with each of the employer groups.

The system of central wage settlements has been faulted as not allowing wide enougb wage differentials between skilled and unskilled workers and not providing incentives to work in industry.

The breakdown represenls an end to a 30-year tradition of ceotral wage discussion. Mr Palme'a Government had hoped that this year's talks would produce an early settlement, and belp develop confidence in an economic recovery programme whlch calls for belt-tigbtening at home.

The Premier has appealed to both sides to remember their "responsibility to the citizens" and Mr Kjell-Olof Feldt, the Finance Minister, called the situation "highly regrettable."

Employers' spokesmen insist that separate negotiations at industry level will not automatically prolong the settlement procedure because such negotiation has always followed central agreement in the past.

The LO lnsists, however, that it will not deviate from its policy of wage solidarity, and that individual agreements will be subject to ratification by its central negotiating body.

Mr Palme . . . . difficult time for government

Portuguese braced for price rises

By Diana Smith in Lisbon

THE PORTUGUESE Government is expected to announce a package of financial measures this week, increasing the prices of bread, milk, fertilisers and diesel fuel.

It is also likely to recommend putting up taxes and the monthly allocations for government spending, mini-budgetary tools needed to administer the country until whatever government emerging from the general election can produce a 1983 budget.

President Antonio Ramalho Eanes's decision to announce the dissolution of Perliament and an early general election weeks before the formal dissolution bas raised unprecedented constitutional problems.

Sr Francisco Balsemao, wbo resigned as Prime Minister in December precipitsting the present crisis, has agreed to remain with his coalition cabinet until the election. But his administration's temporary status permits it only to edjust the 1982 budget with the odd tax or price increase—not offer a new 1983 budget.

Polish regime reveals hopes for papal visit

By Christopher Bobinski in Warsaw

THE POLISH euthorities are boping that Pope John Paul's visit in June can be placed within the context of the present aet of East bloc peace initiatives directed at Western governments and public opinion. This emerges from a speecb in Parliament yesterday by Mr Stefan Olszowski, the Foreign Minister.

The moderate tone of the speecb showed that the authoritiea hope that the West's critical stance on martial law will wane, that an East-West dialogue on disarmament produce results and that a return can be made to Poland'a relaxed reletions with the West.

Mr Olszowski said the Government "noted with respect" the Pope'a dedication "to defending peace."

He also mentioned the "right conditions" for the visit, suggesting that arguments aboul the exact framework of the visit, with its enormous crowds and consequent risks for the authorities, is continuing.

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EUROPEAN NEWS

Genscher's political barometer swings to fair

BY JAMES BUCHAN IN BONN

HERR Hans-Dietrich Genscher is himself again. After four months in which his small Free Democrat Party (FDP) has looked in danger of parliamentary extinction and he has been savagely attacked from every side, the barometer is beginning tn swing to fair.

The latest batch of opinion polls indicate that the party has climbed back towards the crucial 5 per cent of the vote which would return it on March 6 tn the Bundestag, where since 1969 it has exercised influence quite incommensurate with its size.

This in turn points to the continuance of the coalition with Chancellor Helmut Kohl's Christian Democrats (CDU) and the Christian Social Union (CSU), of Herr Franz Josef Strauss.

Herr Genscher, the FDP chairman and West German Foreign Minister, is such a private man that it is hard tn know whether he has ever felt his nerve give, wondered if 13 years of cabinet office were enough for any mortal, or regretted the crisis in bis party which followed his switch of coalition partners from the Social Democrats (SPD) to the conservative CDU last September.

It is equally hard tn know whether, at the FDP congress in Freiburg over the weekend, he thought to compare this obedient gathering with the tears and tumult of its predecessor in Berlin in Nnvember, when even his most devoted protege, Herr Guenter Verheugen, resigned at the shift to the right, such birds nf paradise as Frau Ingrid Matthaeus-Maier flew away, and the entire youth wing sheared nff.

Probably not. "Fear makes bad liberals," says Prof Ralf Dahrendorf, who hurried to Freiburg from his post as director of the London School of Economics and is widely portrayed as the new "sage" of German liberalism in crisis.

Hnwever, fear of parliamentary extinction has brought the party back towards unity and the same fear among the voters could bring it back to power.

Frau Immgard Adam-Schwaetzer, who replaced Herr Verheugen as party general-secretary, graphically expressed this in her speech on Saturday. A pharmacist in the real world, she stands out like a brisk hospital sister among the battered heroes of the party executive. "Once more the wind is in our faces and once more we have a following wind," she said.

After so many resignations, and without the noisy Young Democrats, the 400 delegates at Freiburg seemed both older and mnre comfortable than the mob at Berlin.

One lady delegate cried out that the FDP had become a "party of old men," but nobody listened and she resigned on Sunday. Herr Genscher, who only just achieved re-election as party chairman at Berlin, found an overwhelming majority for continuing after the general election the party's alliance with the CDU and CSU.

Even Herr Gerhart Baum, the former Interior Minister in the old coalition with the SPD and one of the sharpest critics of the change to the CDU, called on the party to "make peace with itself." By Saturday evening, the FDP had begun to look like an east European Communist Party after some particularly nasty purge.

In a 55-minute speech on Saturday, which showed Herr Genscher at his fighting best, he laid down the lines on which the election campaign would be conducted. The traditional FDP warning, against the dangers posed by Herr Strauss' right-wing policies in a conservative government with an absolute majnrity, expanded to a dual attack on the conservatives and the SPD, in the still unlikely guise of alliance with anti-nuclear and environmentalist Greens.

A vote for the FDP would prevent "a conservative counter-reformation," not only in foreign policy after a 13-year period which has seen detente and the eastern treaties, but also in internal affairs where the liberals regard themselves as guardians of the rule of law and conscience.

As fnr the SPD, it "would depend in foreign policy on the Greens and Alternatives and would be dragged oul of Nato and into neutrality, whether it liked it or not."

This is a potent, if highly theoretical, warning about the possibility of a minority SPD government ruling with the toleration of the Greens, now bidding tn enter the Bundestag fnr the first time. The latest polls sbow this could happen, even if the thrust of the SPD campaign has so far been to steal votes from the Greens.

Meanwhile on the economic front, Count Otto Lambsdorff, lhe Bonn economics minister, portrayed bimself as the last protector of West Germany's "social market economy," against a CDU beholden to a large popular following nr against lhe SPD-Greens

Inevitably, in a party so independent-minded as the FDP, all was not quite well. Prof Dahrendorf, though not a delegate, was permitted to speak and his remarks were quoted frequently by other speakers. Without doubt, many delegates regard Prof Dahrendorf, insulated in London from recent political turmoil, as a possible saviour for the future.

Prof Dahrendorf bimself, while insisting that March 6 is not the only thing to worry about, is not clear about his plans. He might, be hinted, save the LSE for another academic year. Looking round the conference hall, while Count Lambsdorff effortlessly squashed a motion, be found an atmnsphere of liberal debate missing. "It's no fun bere," be said.

W. German-Czech talks centre on disarmament

BONN — Herr Hans-Dietrich Genscher, the West German Foreign Minister will explore the latest East bloc disarmament proposals during two days of talks with Czechoslovak leaders starting in Prague tomorrow, diplomatic sources said yesterday.

But they stressed that West Germany was not prepared to encourage any proposal that was inequitable or created a one-sided military balance in Europe. Bonn would also strongly resist any attempt to drive a wedge between West Germany and the U.S. on questions of arms control and disarmament, they added.

Herr Genscher would, in particular, follow up the Warsaw Pact proposal for a non-aggression treaty between East and West, adopted at its summit in Prague earlier this month. The sources said there were constructive elements in the proposal, particularly the call for proper verification of any disarmament agreements.

Herr Genscher would also seek a Czechoslovak assessment of new Soviet leader Yuri Andropov and his recent proposals to limit the number of medium-range nuclear missiles in Europe and establish a nuclear-free zone there.

In his talks with President Gustav Husak and Foreign Minister Bchuslav Chnoupek, Herr Genscher will declare Nato's willingness to seize any opportunity to reduce tension between the Western alliance and the Warsaw Pact.

But, the sources said, he would also note that talks nn reducing tension could not be separated from the question of Soviet intervention in Afghanistan or Moscow's alleged role in the military clampdown in Poland.

After his recent visit to the U.S. and talks today in Bonn with Vice-President George Bush, the sources said Herr Genscher would relay the desire of the U.S. to reach agreement this year at the Geneva negotiations on limiting medium-range nuclear missiles in Europe.

The West German Foreign Minister will also repeat calls by Chancellor Helmut Kohl for a summit conference between President Ronald Reagan and Mr Andropov, the sources said.

Reuter

EEC likely to back $900m payments to London and Bonn

BY JOHN WYLES IN BRUSSELS

EEC GOVERNMENTS should formally adopt a proposal today to give special payments amounting to nearly £600m ($922.5m) to Britain and West Germany with some optimism that it will not be rejected by the European Parliament.

Parliamentary leaders gave sufficient guarantees on points of detail at the end of last week to clear the way for agreement in the Council of Minister today on a supplementary budget containing the payments. Although France and Denmark may still withhold their approval, constitutionally the budget can be adopted by a qualified majority vote, which West Germany has decided to guarantee by casting its vote in favour.

The onus will then be on the Parliament to decide its position at its plenary session next week. Although a speedy endorsement of the budget is thought unlikely, officials here believe that the chances are improving of adoption by the Parliament in March. This would ensure payment of the bulk of the $768m due to the UK before the end of March deadline agreed by its EEC partners last October.

By nature a rather erratic body, the Parliameot is more than capable of betraying these expectations. But there are clear indicatinns from some of its spokesmen that the focus of the Parliament's battle to influence longer-term policy development in the community is being switched from the supplementary budget to the activites of the European Commission.

Parliamentary spokesmen are stressing that their attitude to the supplementary budget will be greatly influenced by two Commission pronouncements to be delivered to the full session in Strasbourg oext week.

The first will be the discussion paper on alternative ways of adding to the Community's budget revenues – its own resources. Without making an explicit recommendation, the Commission is expected to set out such options as an increase in the current financing system, which draws from member states up to 1 per cent of the total volume of domestic sales of certain goods and services.

Conscious of Britisb and West German opposibon to such a move, the Commission will also suggest a more diversified approach, including financing agricultural spending by cbarging each member state according to their share of final farm production.

This migbt win more support in London and Bonn but one of Britain's favoured alternatives – a tax on oil imports – has been dropped

The second Commission action eagerly awaited by the Parliameot is the policy speech to be delivered next Tuesday by M Gaston Thorn, the Commission's President.

After hearing him spell out the Commission's priorities for its remaining 23 months in office, the Parliament looks likely to try to bold the Commission to its stated objectives during the coming year by threats to use its power to dismiss all 14 Commissioners.

Sluggish world output recovery forecast

By Max Wilkinson in London

WORLD output is expected to show only a sluggish recovery in the first half nf this year but to accelerate somewhat thereafter, according to the London Business School Centre for Economic Forecasting in its latest monthly outlook.

The School says that total output last year was estimated to have fallen by ¼ per cent in the Organisation for Economic Co-operation and Development countries.

For 1983 as a whole, world outputs is expected to be only about 0.8 per cent higher than the 1982 average, although growth will be picking np to an average of aroung 2 per cent a year for the following three years up to 1986.

A gradual recovery is expected to start in the U.S. early this year and to spread to Europe in the second half of the year.

London Business School (LBS) comments: "If by historical standards, the recovery we are forecasting is extremely weak, it is also the case that the cyclical pick-np in inflation is heavily damped.

"Over the next 12 months, wholesale price inflation could be less than 5 per cent; for consumer prices it could be down towards 6 per cent."

The LBS is expecting a weakness of oil prices and a further weakening of the dollar to result in a fall in nil prices to most important oil-importing countries, particularly Japan and Germany.

It says that in general, currency movements should not make much difference to the total value of world output.

However, since oil prices are determined in dollars the value of the dollar does have a particular significance for the world economy.

The strength of the dollar since 1981 has, in effect, subjected the world to a further oil price shock with deflationary consequences.

Switzerland will spend £318m to reduce unemployment

BY JOHN WICKS IN ZURICH

THE SWISS Government has announced details of a special spending programme aimed to counter the current "unsatisfactory development" nf tbe economy and create new jobs. The measures, which would cost almost SwFr 970m (£318m), are to be presented to parliament at the coming spring session.

This step, which was heralded by a Federal Council statement last month, follows a rise of unemployment to the highest level for six years and a continuing fall in gross domestic product. No upturn in the national economy is considered likely until the second half of this year, at the earliest.

The main feature nf lbe programme, which is expected to lead to short-term orders worth about SwFr 2bn, lies in an accelerated Government purchasing scheme worth about SwFr 641m. This will be spread throughout Swiss industry and will mainly consist of orders to be placed within a six-month period and with delivery dates of up to two to three years later.

Federal advances to the National Export Risk Guarantee Fund for this year and next are to be raised, meanwhile, by SwFr 170m to obviale the need to increase premiums or reduce coverage. An additional SwFr 100m will be ear-marked for joint credits and aid for countries in balance-of-payments difficulties.

Other moves include a planned increase of SwFr 32m in the Government contributions toward tourist publicity over the next few years, an increase in research credits by SwFr 25m and the direction of SwFr 0.8m (SwFr 0.4m dl) to finance training and rehabililation programmes for the unemplnyed. Studies nf the creation of a programme lo guarantee innovation risk are also to begin.

Dutch may see 100,000 jobs disappear this year

BY WALTER ELLIS IN AMSTERDAM

SOME 100,000 jobs will disappear in the Netherlands this year—25,000 more than had been forecast by the Central Planning Bureau, according to the latest report of the national Manpower Commission.

The commission says that Dutcb labour supply will continue to grow until beynnd the turn of the century and warns of serious unemployment fnr the next 20 years.

The rapid decline of the labour market in the last 12 months has caused unemployment to almost double.

This month, the number nut of work in the Netherlands, seasonally unadjusted, is likely to exceed 650,000, or 15 per cent of the labour force, making the problem one of the most acute in Europe. By December, the figure could well be 750,000.

At the weekend, Mr Ruud Lubbers, the centre-right Prime Minister, warned that, in the absence of wage moderation this year, the government would be unable to make extra cash available to create jobs and fund work-sharing schemes.

He wants industry in accept that price compensation—the automatic indexation of wages to prices—must be suspended during the present recession and has begun, through Mr Jan de Koning, the Economics Minister, to put pressure on major employers and trade union leaders.

Unemployment is fast becoming the country's dominant political issue. Despite the fact that Mr Lubbers fnught last September's general election on a platform of cost-cutting and general economic rectitude, he is baving to face the fact that the focus of public attention is not high state borrowing and nver-spending, but the alarming extensinn of the dole queues.

Mr de Koning is trying in convince the uninns to endorse job-sharing, shorter hours and a minimum wage based on the number nf hours worked—all with a view tn helping employers spread jobs more widely—but is encountering, instead, demands for more investment in industry.

Republicans forecast furious defence battle

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

IN HIS defence budget for 1984, President Ronald Reagan is quite literally sticking to his guns. His determination to rebuild America's armed forces *after years of what he sees as* neglect has not wavered, even if be has bad tn compromise on almost everything else.

Of bis three major priorities nn assuming office two years ago—tax-cutting, balancing the budget and restoring the nation's defences—only the arms build-up has survived virtually unscathed.

The original aim of balancing the budget by 1984 has long been forgotten, and tax increases, whether they are called "structural reforms" or a "deficit insurance policy," have become an essential ingredienr in his budget strategy.

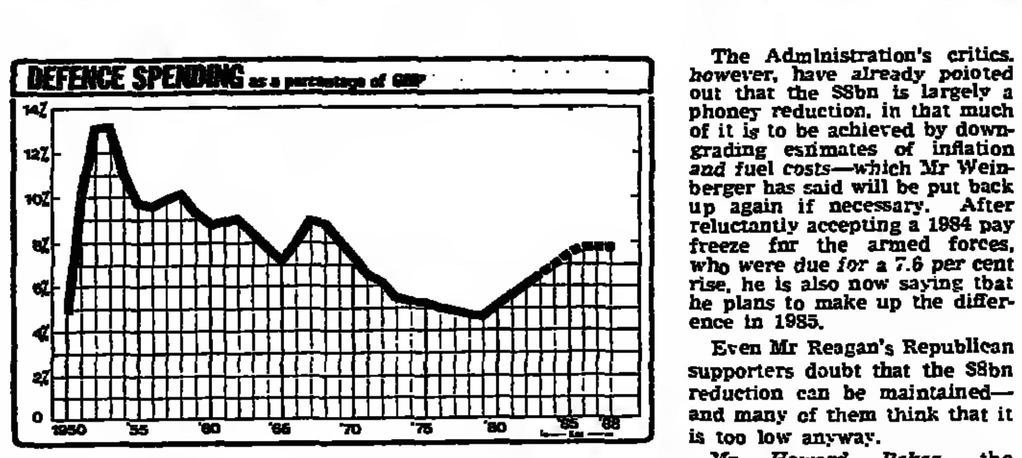
If he has accepted the need for some defence "aavings," it is so far essentially fnr cosmetic reasons. He simply could not ask Congress for savage reductions in non-defence spending (roughly 70 per cent of the budget) without at least token defence cuts.

By projecting next year's proposed trimming of the defence budget over five years, be has come up with a total "savings" figure of $55bn (£35.7bn), which looks much more impressive than a one-year figure of $8bn (in real spending) nr $11bn (in spending anthority, which includes commitments for the future).

The fact remains that a cut of $11bn would still leave next year's spending anthority at a level 9 per cent bigher than this year's in real terms, while non-defence authorisations would be down hy 3 per cent—if his freeze on Federal spending and other restraints are accepted.

The Pentagon's actual spending would rise from $208.9bn this year to $238.6bn in 1984, not counting about $7bn in spending on nuclear and defence-related activities by civilian agenciea.

In the current political and economic climate, it is quile clear lbat these figures are not going to aurvive in Congress. Tha Administration will argue



that next year's actual spendiog figure already reflects an $8bn reduction in its nriginal plans and that *this is* the absolute maximum which can be tolerated if the nation's security is not to be jeopardised.

The Pentagon bas already opened up a heavy barrage to protect the $8bn from further interference, largely on tha grounds that while Soviet military spending continues unabated, the U.S. cannot afford *to slip* bebind again.

The thesis of Mr Caspar Weinberger, the Defence Secretary, has always been that defence spending must be adjusted to meet the Soviet threal, rather than short-term budgetary requirements.

The Administration's critics, *however,* have *already* poioted out that the $8bn is largely a phoney reduction, in that much of it is to be achieved by downgrading estimates of inflation *and fuel costs*—which Mr Weinberger has said will be put back up again if necessary. After reluctantly accepting a 1984 pay freeze fnr the armed forces, who *were due for* a 7.6 per cent rise, he is also now saying tbat he plans to make up the difference in 1985.

Even Mr Reagan's Republican supporters doubt that the $8bn reduction can be maintained—and many of them think that it is too low anyway.

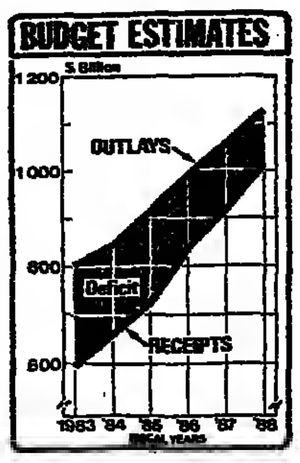
Mr Howard Baker, the Republican majority leader in the Senate, is forecasting a furious battle, ending with defence cuts of $11bn to $12bn or mnre—though falling well short of the $22bn demanded by Senator Edward Kennedy of Massachusetts. Many Democrats will be gunning for one or more of the new weapons systems, all *of which* Mr Reagan is anxious to preserve as be pushes ahead with his strategic modernisa*tion programme.*"

Tbe Administration is not hudging from its insistence that all the major syatems—including the B-1 bomber, the ultra-modern "Stealth" bomber, the new Trident 2 missile, cruise missiles and controversial MX intercontinental ballistic missiles—are essential to ensure "a credible nuclear deterrent for the foreseeable future."

Tbe Administration's second, oft-repeated point is that any weakening in tbe strategic build-up *will* be interpreted in Moscow as a sign of feebleness and undercut the U.S. position at the Geneva arms control negotiations. The argument ap*plies most specifically to the* MX for which the Administration will once again be asking for nroduction funds in the months ahead—after a humiliating Congressional setback at the end of last year.

Defeat on the MX would be regarded as a catastrophe by the Administration. Congress, however, is unlikely to vote production funds for the missile until its basing method has been settled. There is as yet no sign of agreement on that so far unanswered question.

Some Republicans believe that by atretching out the procurement of nther items like ahips, ammunition and trucks, the major programmes can be saved from any Democratic onslaught. But they acknowledge that Mr Reagan faces a *major* battle *to prevent Congress from* spiking at least some of his guns.



Reagan's appeal for realism

By Our U.S. Editor

THE HIGHLIGHT of President Ronald Reagan's fiscal year 1984 budget is bis four-point plan to reduce deficits by $558bn (£362bn) over tha next fiva years and "enhance prospects for sustained economic recovery and lower unemployment."

In his budget message, Mr Reagan said thar the plan must be "bi-partisan, fair, prudent and realistic. Given the underlying deterioration in the overall budget atructure that has occurred over the past two years," he told *Congress,* "only the most sweeping set of fiscal policy changes could belp to reverse the trend and set the budget on a path consistenr with long-term economic recovery."

The four points are:

● A Federal spending freeze to keep the 1984 budget at tha same level as in 1983, after an inflation rate of about 5 per cent is taken into account.

● Control of social benefits under automatic spending programmes, such as food stamps (so-called entitlement programmes).

● Defence "savings" of $55bn over five years.

● "Standby taxes" to raise $40bn to $50bn a year for three years from October 1985, if deficits are still too high. They would include a tax of $5 a barrel on imported and domestic oil and a 5 per cent surcharge on individual and corporate income taxes.

The four fundamental aims are to: Limir tax burdens to the minimnm necessary to finance essential government services; reduce the growth of overall Federal spending; reduce the Federal regulatory burden; and support "a moderate and steady monetary policy, to bring inflation undar control."

Outlays in fiscal 1984, which begins in October 1, are put at $848bn, against receipts of *$660bn, leaving a deficit* of $189bn, compared with $200bn in the current (fiscal 1983) budget year.

The dnmestic cuts package includes $19bn from the freeze pn spending and Federal pay, and a further $19bn in "structural reforms," including proposed payroll tax increases and delays in cost-of-living rises for the social security system, cuts in health care benefits and a new tax on bealth insurance provided by employers fpr their employees.

Other specific proposals for 1984 inclnde:

Defence: An increase in military spending to $238.6bn from $208.9bn in 1983. The 1984 figure is $8bn less than originally planned, but defence is the only budget *item to show* a significant increase in real terms.

International affairs: An increase from $11.9bn tn $13.2bn for foreign economic and security asaistance and international financial programmes.

Health care: Cost redoctions to be achieved by elimination of tax incentives for high-cost employee bealtb insurance programmes and slowing the costs nf bealth care for the poor. Savings from controls on health benefits for the elderly to be used to protect them from "catastrophic bospital costs." Outlays to increase to $90.6bn from $82.4bn in 1983.

Agriculture: Aim is to achieve a better balance between supply and demand by reducing production and government stocks. Steps include payment in kind for farmers from government surpluses, a freeze on farm target prices, more international food ald and increased agricultural exports. Tntal outlays $12.2bn—down by $8.9bn from 1983.

Transport: *Continued commitment to* principle nf "user fees" to finance items such as port construction, inland waterways and coastguard services. Proposed budget authority of $27.8bn, $6.5bn more than in 1982, for national highways, bridges, the air traffic control system and the coastguard.

Energy: A proposed $2.9bn (down 23 per cent from 1983) to fulfil "limited but important" Federal responsibilities, such as nuclear safety, the strategic petroleum reserve and long-term research and development. Tha reduction results largely from transfering Federal activities to the private sector.

Science, space and technology: Budget appropriations to increase by 7 per cent from $7.9bn to $8.5bn, *including $4bn for* space flight, about the same as last year.

Education: Federal spending to be $13.5bn, against $14.4bn in 1983, about *10* per cenr *of* all U.S. spending on education. Among other measures to "atrengthen" education, provision for tuition tax credits for parents with children at private or religious schools, education savings accounts to give middle and lower income families incentives to save for children's college education and promotion of maths and science teoching.

Net federal interest: Outlays estimated to rise from $88.9bn in 1983 to $103.2bn in 1984, or from 11 per cent to 12.2 per cent of total budget outlays—against an averagp 7.5 per cent in the 1970s.

Gloomy economic projections find a place in American hearts

BY ANATOLE KALETSKY IN WASHINGTON

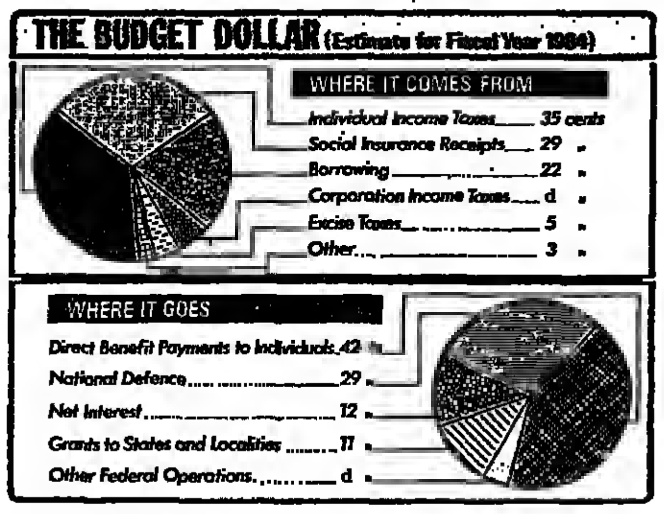
JUDGING BY the inltial reaction from Congress to President Ronald Reagan's 1984 budget, economic gloom bas become the surest way to the heart of the American people, much as It bas assured Mrs Margaret Thatcher's unrivalled popularity among the British.

While few, if any, Congressmen appear to agree with the spending and revenue proposals wbicb are supposed to be the raison d'etre of the budget document, Mr Reagan has been praised on all sides for the "economic realism" on which his budget projections are based.

Indeed, the word "realism" bas suddenly become so popular In Washington that it may even succeed in displacing "deficit" as the dominant slogan ln U.S. politico-economic jargon. So far, at ieast, the fact that Mr Reagan will fail to cut the budget deficit below $117bn (£76bn) or 2.6 per cent. of gross national product (GNP), even by 1988, has aroused little criticism.

Congressmen who pnly a year ago were promising to fight to the death a deficit a cent above $100bn appear to bave been stunned lnto temporary silence by Mr Reagan's candour.

His prediction of 3.8 per cent annual growth between 1983 and 1988 calls for a recovery somewbat slower than post-war average. It contrasts with the "roaring" 4.7 per cent recovery rate assumed *last* year. The President's forecast of a mere 1.4 per cent average growth rate for the current year is even barder to fault for overexuberance.



Unfortunately, hpwever, the cautious forecasts cannot undo the fact that, even after all his spending cuts and tax increases, Mr Reagan is asking Congress to approve a fiscal programme which still looks more infiationary than any in the country's history—except perhaps in times of war.

The deficit (including Federal government borrowing for certain "off budget" expenditure items, such as contributions to the International Monetary Fund) is projected to decline from 7.1 per cent of GNP in fiscal 1983 tp 5.4 per cent in 1985 and then tp fall more rapidly, tp 2.6 per cent in 1988, as the package of "standby" tax increases comes intn effect.

Such a sharp reduction might apear to be an impressive achievement, if it were not fpr the fact that even a 2.6 per cent deficit is historically very high by U.S. standards.

Such a deficit would still absorb 38 per cent of net private savings in the U.S. economy in 1988, according to the forecasts in the budget document. Taking the five years 1984-88 together, Mr Reagan's new slimmed-down hudget is forecast to absorb no less than 66 per cent of all U.S. private savings.

Looking at the issue bistorically, deficits as big as those projected for 1983-85 have no precedents, relative to GNP, in the post-war era. The deficit of 3.4 per cent of GNP in 1987 will be higher than any seen before the Reagan Administration, with the exception of a 4.0 per cent deficit in 1976—the fiscal year at the bottom of the recession produced by the first oil crisis.

By contrast, 1987 is, of course, supposed to be a year of rapid economic growth, near the top of the business cycle which is *now bottoming* out.

The only pre-oil crisis deficits to have approached even the 2.6 per cent which is planned for 1988 (presumably the very top of the business cycle) were in 1959, another deep recession year, and 1968, at the peak of the Vietnam war era.

Ironically, many economists, particularly in tha conservative camp, regard the deficit spending on the Vietnam war as the root cause of what Mr Reagan's budget statement calls "the great inflation" of the 1970s.

Another even more revealing way pf looking at the continuing deficit *problem is* presented in a new section of this year's economic commentary on the budget, which is indeed remarkable for its "realism" and candour.

It bears the strong imprint of Mr Martin Feldstein, the new chairman of the Council of Economic Advisers, wbn is believed to have accepted the job last autumn nnly after *making* clear that be intended to eliminate much of the supply-side eupbnria from the Administration's economic forecasts.

The new analysis appears to refute the elarnal optimism of the "supply-siders" in Mr Reagan's entourage, who have been claiming that the deficits are simply the products nf recession and that they can only be cured by a rapid economic recovery—encouraged if necessary by still mnre tax cuts.

To counter this argument, the budget contains a section which attempts to split the deficits into their "cyclical" and "structural" components. It shows that, in the absence of spending cuts and tax increases, the deficit in 1988 would still be $232bn, or 4.9 per cent of GNP, even *if* the *economy* were to grow at 5 per cent for six consecutive years, which is "certainly an unrealistically high estimate in the current circumstances," as the economic commentary caustically points out.

In fact, according to the estimates presented, no less than 97 per cent of the $315bn deficit projected fpr 1988 on the basis of current policies is "structural" rather than "cyclical." In other words, only 3 per cent or $9bn of this deficit would be eliminated if the economy were performing at its full potential level of outnut and employment. Of the $225bn deficit predicted for 1983, 69 per cent is structural and nnly 31 per cent is due purely to the effects of recession, according to this analysis.

If these figures are to be taken seriously, their implication is clear—Mr Reagan went much too far in cutting away the Federal Government'a revenue base if he wisbed to maintain the kind of military and social spending programmes which be and Congress appear to regard as indispensable.

Of course, the budget document blames the structural deficit mainly on previous Administrations. An "implicit structural deficit" of between 5 per cent and 6 per ceot of GNP "emerged from the misdirected economic and fiscal policies of the 1970s," it states.

For the Federal Government's spending and revenues (which were respectively 23.6 per cent and 21 per cent of GNP in 1981) "failed to reflect the 2-3 percentage point higher permanent claim on GNP that would be needed to restore the nation's badly neglected and underfunded defence capabilities."

Nevertheless, there is a hint of *Meo Culpa* about the document's next conclusion—that the persistence of "long-term structural deficits in excess of 6 per cent of GNP" is "tha paramount, continuing challenge to fiscal policy" and that this is attributable to the following "two fundamentsl economic *developments.*"

Tbe failure of the economy to grow in the first two years of the Reagan Administrations has not only pushed the economy down to "a substantially lower long-term growth path," says the budget document. It bas also generated vast cylical deficits in 1981-83, which bava increased the Government's obligations to pay interest on the national debt for many years ahead, *thus increasing* structural deficits as well.

In an even clearer dig at Mr Reagan's nwn policies, the budget document's authors wryly observe that the Administration has been "somewhat mnre successful in reducing the out-year (1985-88) lax claim on GNP than originally anticipated, and considerably less successful in reducing the non-defence spending claim than initially planned."

Whoever they are, the authors of these passages are probably not the same people wbo wrote Mr Reagan's personal budget message to Congress. In *this,* Mr Reagan pledges himself "to oppose any efforts to undo the basic tax reforms we have enacted—including the tax indexing that will protect all Americans from inflationary bracket creep in the years ahead."

But in the budget document *itself, it is strongly implied* that wbat tha anonymous authors call "the unrequested additional measures, including indexing" attached by Congress to the original Reagan Tax Act in 1981, are mainly to blame for the continuing structural deficits in 1986 and beyond.

Who knows, perhaps even the President himself will read the budget which has come out under hia name and become convinced that more needs to be done to cut the deficits and that restoring the U.S. Government'a tax base is the only way out.

HOW THE DEFICITS ARE TO BE CUT

(Outlays, revenues, deficits and policy changes as per cent of GNP)

	1984	1985	1986	1987	1988
Social Security and Health					
1984 budget	7.4	7.4	7.4	7.4	7.4
(Change from current policies	−p.2	−p.2	−0.2	−0.3	−p.3)
Other Welfare Programmes					
1984 budget	3.0	2.8	2.7	2.6	2.5
(Change from current policies	−0.1	−0.2	−0.2	−0.2	−p.2)
Defence					
1984 budget	7.0	7.4	7.7	7.8	7.8
(Change from current policies	−0.2	−0.2	−0.2	−0.2	−0.2)
Net interest					
1984 budget	3.0	3.0	3.0	2.9	2.7
(Change from current policies	−0.1	−0.2	−0.3	−0.5	−0.7)
All Other Outlays					
1984 budget	4.5	3.9	3.6	3.4	3.1
(Change from current policies	−0.5	−0.6	−0.7	−0.8	−0.7)
Total Outlays					
1984 budget	24.7	24.4	24.1	23.7	23.2
(Change from current policies	−1.0	−1.4	−1.6	−2.0	−2.2)
Total Revenues					
1984 budget	18.9	19.0	20.3	20.3	20.6
(Change from current policies	+p.3	+0.3	+1.5	+1.5	+1.7)
Budget Deficit					
1984 budget	−5.8	−5.4	−3.8	−3.4	−2.6
(Change from current policies	+1.3	+1.6	+3.1	+3.5	+3.9)

Note: "Current policies" are those embodied in the 1983 budget resolution.

STRUCTURAL AND CYCLICAL DEFICITS

$bn (figures in parenthesis are %)

	1983	1984	1985	1986	1987	1988
Total deficit						
(before 1984 budget changes)	225	249	267	284	308	315
Structural deficit assuming *full employment**						
(before 1984 budget changes)	154	181	21p	243	284	306
(Percent structural)	(69)	(73)	(79)	(85)	(92)	(97)
Cyclical deficit						
(before 1984 budget changes)	71	68	57	41	24	9
Total deficit						
(after 1984 budget changes)	225	203	205	157	152	126
Implicit deficit						
(after 1984 budget changes)†	154	135	148	116	128	115

* Full employment deficit assumes unemployment rate of about 6 per cent throughout. "Potential" GNP or $3,376bn in 1982 (actual GNP in 1982 was $3,058bn), and 2.4 per cent annual growth rate lo "potential" output from this level. Actual GNP, growing at 1.4 per cent in 1983 and 4 per cent from 1984 onwards, will equal "potential" GNP by 1988.
† *Financial Times calculations.*

TAX REDUCTIONS, PLANNED, LEGISLATED AND AMENDED

(Total federal tax revenue as per cent of GNP)

	1984	1985	1986	1987	1988
Pre-1981 law	21.1	21.7	22.4	22.8	23.2
Original 1981 Reagan plan (without indexing)	19.3	19.3	19.5	19.7	19.9
Economic Recovery Tax Act (as passed by Congress 1981)	17.4	17.5	17.5	17.3	17.5
Current law (as amended by 1982 tax increases)	18.6	18.7	18.8	18.8	18.9
After 1984 budget proposals	18.9	19.0	20.3	20.3	20.6

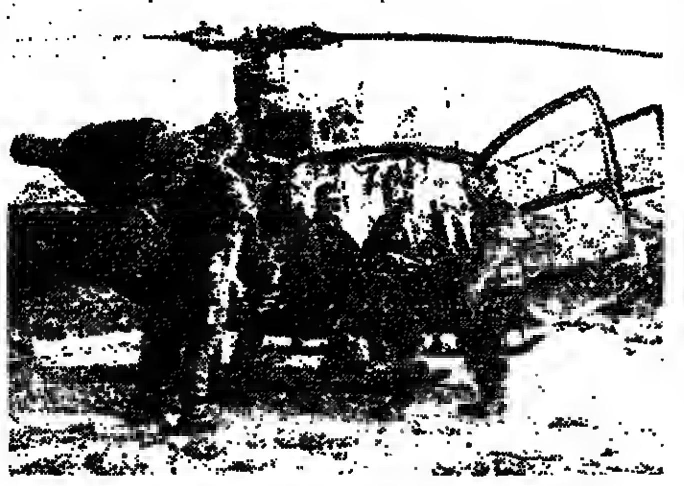
ECONOMIC FORECASTS

	1982	1983	1984	1985	1986	1987	1988
Percentage changes (fourth quarter to fourth quarter):							
Real GNP	−1.2	3.1	4.0	4.p	4.0	4.0	4.0
Nominal GNP	3.3	8.8	9.2	9.8	8.7	8.7	8.7
Consumer prices	4.4	5.0	4.4	4.7	4.5	4.5	4.4
Annual averages:							
Real GNP growth	−1.8	1.4	3.9	4.0	4.0	4.0	4.0
Unemployment rate	9.5	10.7	9.9	8.5	7.8	7.0	6.2
Pay increase (Federal Government)	4.0	0.0	6.1	6.0	5.7	5.6	5.5
GNP deflator (percentage change)	6.0	5.2	5.2	4.9	4.6	4.5	4.4
Interest rates:							
91-day Treasury Bills	10.7	8.0	7.9	7.4	6.8	6.5	6.1
10-year Treasury Notes	13.0	10.2	9.8	9.0	8.0	7.4	6.7
GNP in current dollars (bn)	3,058	3,262	3,566	3,890	4,232	4,599	4,955
Federal deficit including off-budget items ($bn)	128	225	203	205	157	152	126

Note: These are forecasts for 1982-84. From 1985-88 they are "assumptions and trend projections, consistent with the economic policy objectives of the Administration."

William Chislett, recently in Belize City, meets the British forces there

Tiny Belize refuses to give an inch



British troops (left) are still guarding the former UK colony of Belize, which is claimed by neighbouring Guatemala. Even though Guatemala has toned down its demands recently and is now pressing for sovereignty over only part of Belize, Mr George Price, the territory's prime minister, refuses to allow his neighbour to take anything.

EIGHTEEN MONTHS after being granted independence, the former British colony of Belize is still being protected by 1,800 British troops from the menacing right-wing military dictatorship in neighbouring Guatemala, which claims the tiny central American territory.

"If Guatemala ever decided to launch an invasion we would probably be the first to get wind of it," said a young British soldier at the army's main observation post, perched on top of a 700 ft high hill in dense jungle on the border between the two countries.

Eight soldiers at a time man the observation post around the clock for a week in sweltering heat. The only access to the post is by helicopter and then it has to land precariously on a 20-ft square patch.

Peering through high-powered telescopes, the soldiers monitor the movements of the small Guatemalan military camp below them. They log any unusual activity on the only main road which links Guatemala City with Puerto Barrios, the home of the Guatemalan Navy and Peten, a highly militarised zone where the Guatemalan army is waging war against largely Indian guerrillas.

The nearest the British troops have come to tasting war is when Guatemalan soldiers hunt iguana on the banks of the river below the observation post and bullets ricochet over their heads.

The only invasion so far has come from refugees from war-torn El Salvador, thousands of whom have sought sanctuary in Belize.

Nevertheless, outnumbered 10 to one by the 20,000 strong Guatemalan army, the British troops are deadly earnest about their defence task. They patrol the snake-infested and malaria-ridden jungle carrying live ammunition and 80 lb packs on their backs.

The British forces in Belize currently include the Nine Parachute Squadron, Royal Engineers, who were in the thick of last year's fighting in the Falkland Islands. There are also four Harrier jets and Rapier surface to air missiles ot the main comp near Belize City. The total annual cost of maintaining the troops is £25m.

Last week, for the first time since shortly before Belize was granted independence in September, 1981, the three sides started talks again in New York to try to hreak the deadlock over Guatemala's 150-year-old claim over Belize and to enahle London to pull out its troops honourahly.

A basis for agreement was almost reached in 1981. Talks, however, hroke down over the exact nature of the "use and enjoyment" of a chain of islands off Belize's southern coast, upon which Guatemalo hod military designs.

When Belize obtained independence, Guatemala ended diplomatic relotions with London and pulled its consul out of Belize.

Gen Efrain Rios Montt, Guatemala's horn-again-Christian President, is now pressing for sovereignty over the potentially oil-bearing district of Toledo and not all of Belize, as has been Guatemala's traditional stance.

But the government of Mr George Price, the Belizean Prime Minister, is still adamant that it will not yield "one square centimetre." Belize presented a counter-proposal last week involving the joint development of o strip of land either side of its southern border with Guatemala.

Belize and London feel strongly that the Guatemalan prohlem is not being help by Washington's recent decision to supply £4m worth of helicopter spare parts to Guatemala to help it heat the rehels.

Both countries fear that this could lead to o resumption of full U.S. military aid to Guatemalo, which was suspended in 1977 because of the country's human rights record and that U.S. hullets could be fired at British troops.

"After the Falklands dispute, we felt that the U.S. had a good chance to tell Guatemala not to follow Argentina's example," said a senior Belizean official. "But instead of this the U.S. has started to rearm Guatemala to try to win back influence."

U.S. officials insist that Washington can now exert greater pressure on Guatemalo to settle its Belize dispute and there are now signs this this is happening.

It is commonly believed in Belize that both the U.S. and Guatemalo are happy to see the British troops stay because hoth American countries view the UK presence as a buffer against so-called Cuban expansionism in turhulent central America. To this end, the U.S. has begun to help—to a small extent—train the 600-strong Belize Defence Force.

Belize itself would suffer enormously from a withdrawal of UK troops, since it would leave o gaping hole in its floundering economy.

It is estimated that the British troops account for as much as one-third of Belize's $140m (£91m) gross domestic product. Several hundred Belizeans are employed hy the British forces. Hotels, hars, the brewery—right next to the main army camp—and other parts of the economy rely heavily on the troops.

Low world prices for sugar, Belize's maio export, with exports down $10m io 1982 to $33.3m, and the devastating impact of Mexico's economic crisis have sent Belize's economy into a tailspin.

Mexico used to import some $50m worth of goods annually through the Belize City port. The massive devaluation of the Mexican peso has brought this trade to o stondstill, depriving the Belize Treasury of revenue and Belizean traders of husiness.

Belizeans now pour over the northern border with Mexico by the hus-load at weekends where goods for dollar holders, the main currency in Belize, are now very cheop. Smuggling is rife.

Foreign aid and investment has not come in large amounts. Belize is expected to draw this year on its $8m quota from the International Monetary Fund, an option it did not have as a colony, to keep the economy afloat.

There is, however, one hright spot in the economy—marijuana —which is now said to he the country's leading export. In the first nine months of 1982, 46 acres of marijuana worth $200m on the market were harvested.

Just before the New Year a DC 3 touched down on the main road north of Belize City and loaded up with marijuana. This hlatant act has fuelled speculation of Government complicity io the marijuana trade. Enterprising UK soldiers on the road took photographs of the incideot and reported the matter to the embarrassed authorities.

Although the Government has made many arrests, most Belizeans helieve that it will not crack down too harshly on this important source of revenue.

Mexico misses payments deadline

By William Chislett in Mexico City

MEXICO YESTERDAY failed to meet its deadline on the first repayment of its $1bn (£666m) of private sector interest arrears.

Sr Jesus Silva Herzog, Finance Minister, told bankers last month that the Bank of Mexico would make the foreign exchange available at the end of January to pay back about 10 per cent of the arrears.

The reason for the delay is twofold. Senior financial officials say the payment cannot be made until Mexico receives the first $1.7bn tranche of its $5bn international commercial credit.

This credit is not yet completed, because of resistance from some banks, and currently about $4.7bn is committed. Foreign hankers do not expect Mexico to receive the first tranche for several more weeks.

Secondly, the 10 per cent commitment is hased not on the actual amount of arrears —ahoot $1bn—but on how much Mexican privote companies have deposited of their dollar deht in pesos in the nationalised banking system.

Under a government scheme, companies have been paying interest due in pesos to the Bank of Mexico which will then convert them into dollar ohligations of its own to the lending banks. But many companies have so far failed to make these payments.

Quebec strike hits hospitals

MONTREAL — About 66,000 non-medical hospital workers in Quebec have gone on strike, joining more than 100,000 other puhlic employees in an illegal action which has closed schools and disrupted government services

The provincial government, which has already started legal action against some of its striking employees, said it would impose even stiffer sanctions if hospitals were forced to close.

The penalties could include dismissal for strikers, who began walking out last Wednesday to protest at government-imposed wage cuts of up to 20 per cent.

Agencies

OVERSEAS NEWS

Israeli president clears way to re-enter politics

BY DAVID LENNON IN TEL AVIV

MR YITZHAK NAVON, the Israeli President, announced yesterday that he will not seek a second five-year term. He thus opened the way for his eventual return to politics, when he might challenge Mr Menahem Begin, the Prime Minister, and his ruling Likud bloc of parties.

It is generally felt within the opposition Labour Party that, with the popular 61-year-old President as its leader, the party would have a better chance to wrest power from Mr Begin, or his successor.

Announcing his decision not to stand in the presidential election in May, Mr Navon said that he would not return to politics. He insisted that he would devote himself to good works after his term ends in May.

However, the time between the end of Mr Navon's presidency and his challenge for the leadership of the Labour Party (and perhaps for the premiership) is regarded in Israel as a cooling-off period for him.

Elections are to be held within the next few months, and the opposition is likely to be led then by Mr Shimon Peres, its current chairman. However, if the elections were to be delayed, and Labour were to lose again, then Mr Navon would be likely to emerge as a candidate for the party leadership.

There have been hints in recent months that he might return to politics, and opinion polls have rated his popularity as a potential leader of Labour far higher than that of Mr Peres or Mr Yitzhak Rabin, the latter's perennial rival and a former Prime Minister.

Both these men have indicated that they would step aside in favour of Mr Navon if he were to seek the party leadership.

However, Mr Mordechai Gur, a former chief of staff, has announced that, if there were to be a new leadership election within Labour, he would challenge Mr Navon.

President Navon is an amiable figure, respected in many sectors of Israeli society. One of his key electoral advantages is his oriental sephardic origin, his family having lived in Jerusalem for generations. About 60 per cent of the Israeli population are oriental Jews. Labour would hope to attract many of them away from Mr Begin to Mr Navon. Against that, however, is the president's reputation as a dove on relations with Arab states.

Pretoria's black neighbours are still dependent on its goodwill, writes **J. D. F. Jones,** recently in Maseru

Helpless Lesotho highlights a southern African irony

NO ONE could miss the ironies as the two-day annual donor meeting of the Southern African Development Co-ordination Conference (SADCC) which took place in Maseru, Lesotho, last week.

The SADCC exists to lessen the economic dependence of the independent states of southern and central Africa on the mighty white-ruled Republic of South Africa.

But by choosing Maseru—the least developed capital of one of the world's least developed countries—as the venue, SADCC has highlighted the extremity of its problems. For Lesotho's difficulties go to the heart of those facing SADCC has a whole.

The delegates, from member states, donor governments and aid agencies, found themselves in a sovereign mountain enclave, entirely surrounded by South Africa.

Indeed, it is no exaggeration to say that the existence of SADCC countries and Lesotho in particular depends on the goodwill of South Africa. This became clear to delegates when they were taken on a tour of the battle-scarred houses in Maseru, where on December 9, South African troops killed 40 South African refugees some of whom were alleged to be members of the banned African National Congress (ANC).

There are nine members of SADCC — Zambia, Zimbabwe, Tanzania, Botswana, Swaziland, Malawi, Angola, Mozambique and the smallest, and most completely dependent on South Africa, Lesotho.

Chief Leabua Jonathan . . . may have learned a lesson

It is extremely hard to see how Lesotho can pretend to any meaningful economic existence outside the South African economic system.

The snag is that what freedom Lesotho has is constitutional and — to some extent—political, but not economic. For all its slogans about being the "Switzerland of Southern Africa," it has just two assets; its labour (of the 1.4m population, about 150,000, equivalent to 40 per cent of the male workforce, work in South Africa, mostly in the mines) and its water.

There used to be diamonds, but De Beers closed down the Letseng La Terai mine last year after the Lesotho Government, perhaps shortsightedly, had turned down a proposal for tax deferrals until the world diamond slump lifted. That brought unemployment for a significant 800 of the local population.

Freedom from Pretoria's apartheid regime is constitutionally a *fact*, and of course Lesotho *is* multi-racial. But this has not guaranteed complete political freedom. In 1970, Chief Leabua Jonathan, the Prime Minister, did not like the way election results were coming in and, with a degree of co-operation from South Africa, aborted the process. He has since held power untested by the polls.

This is no longer rewarded with the peace and stability he presumably planned. His enemies, from the Basuto Congress Party led by Mr Ntsu Mokhehle, have now turned their opposition into a semi-military campaign through the Lesotho Liberation Army (LLA), which has for several years been carrying on a minor but effective guerrilla campaign. The ageing Chief Jonathan has been looking increasingly under pressure.

One of his tactics has been to patch up, at least in public, some sort of reconciliation with 44-year-old King Moshoeshoe the Second, the constitutional head of state.

There is, of course, no way in which Pretoria is not going to interfere in the parochial affairs of this enclave kingdom. Chief Jonathan used to be close to the South African Government—a stooge, said his enemies—while Mr Mokhehle was linked with the ANC, or perhaps the alternative Pan Africanist Congress (PAC).

Their positions now appear to have reversed for reasons which are hidden in the confusions of South Africa's policy of "destabilisation" of its *neighbouring black states*. Chief Jonathan now is the critic of Pretoria while Mr Mokhehle and his LLA are reputed to enjoy the help of the South Africans, or at very least to enjoy safe haven inside the republic.

Chief Jonathan's total helplessness became clear with the South African incursion in December. Pretoria's argument was that some of his 11,000 South African refugee guests were using Lesotho as a base for terrorism in the republic. The South African authorities even contacted Chief Jonathan's own Lesotho Paramilitary Force (LPF) to make sure they stood back from the invaders.

Subsequent events are curious. The ANC earlier this month withdrew at least 100 of its people from Maseru to Mozambique. One is forced to wonder whether, *in spite* of the outrage Lesotho expressed over the South African incursion at the United Nations, Maseru has learned a lesson.

But for any government in Lesotho, true independence requires that the national economy shed its utter dependence on South Africa.

The agricultural sector, for obvious reasons of geography, has only limited prospects. Tourism is more promising. The great asset of water still requires years of development and massive investment before it can be sold to the republic. The answer has to lie in the creation of jobs through new industry.

Hence the importance of the Lesotho National Development Corporation (LNDC). In most respects, the incentives which the LNDC can offer to industrial investors from abroad fall short of the considerable incentives available in South Africa's tribal homelands through the newly-boosted decentralisation programme.

But there are two important differences. The first is that Lesotho is not a part of the apartheid state. The second is that Lesotho, as an independent commonwealth state, a signatory of the Lome convention and a member of SADCC as well as the South Africa Customs Union, enjoys access to both Europe and Southern Africa.

This is the main selling point of the LNDC which is now concentrating on attracting foreign investors with export projects.

For example, Tatung of Taiwan is bringing in a video-tape-recorder assembly operation, funded 50-50 with LNDC and employing 175 people, to export to both black and white Africa.

Also nearing completion is a West German project which will eventually employ 800 to make pantyhose and re-export to Europe.

The priority in all this is job creation. In 1980, the LNDC created about 1,000 jobs; in 1981, 1,250; in 1982, 1,400; and the target for 1983 is 2,000.

It adds up to a modest success story—except that it is nothing like good enough, with 20,000 job *seekers coming onto* the market each year.

So, as the SADCC delegates will be the first to admit, there is no way in which the dependence of *Lesotho on* the South African labour market is going to be reduced significantly for many years to come.

The leader of the South African Parliamentary opposition, Dr Fred van Zyl Slabbert, yesterday accused the Government of incompetence, arrogance, and inadequacy in its proposals for constitutional reform, our Cape Town correspondent writes.

Dr Slabbert pointed to the role of government agencies in last year's attempted coup in the Seychelles to illustrate why the South African Government was widely believed abroad to be practising a policy of "destabilisation"

● The South African police have warned newspapers not to publish details of the Simonstown spy case which might damage the country's international relations or internal security.

Vietnamese launch attack on Thai refugee camp

BANGKOK — Vietnamese troops and artillery yesterday launched a major assault against the biggest refugee camp on the Thai-Kampuchean border. An estimated 30,000 Kampucheans were expected to flee into Thailand. By dawn, at least 10,000 had already left.

Ground fighting was reported outside Nong Chan camp, between troops of Hanoi's Kampuchea garrison and insurgents from the non-Communist Khmer Peoples' National Liberation Front which controls the camp.

The Vietnamese kept up a steady barrage of rockets and artillery and mortar shells. The attack lasted for about eight hours from dawn and at least 50 shells landed in Thai territory, killing a 66-year-old peasant farmer as well as damaging several houses and a Buddhist temple, a Thai military spokesman said. Thai troops returned the fire, he added.

International Red Cross doctors were forced to abandon their hospital in the camp and moved out with the refugees and 35 injured to United Nations-run Cao-I-Dang camp away from the frontier inside Thailand, Red Cross officials said.

Reuter

Peking N-technology talks likely for Shultz

BY TONY WALKER IN PEKING AND ALAIN CASS IN LONDON

MR GEORGE SHULTZ, the U.S. Secretary of State, is likely to discuss with Chinese leaders during his visit to Peking this week the problem of giving China access to American nuclear technology amid persistent suspicions that Peking is assisting Pakistan in its nuclear weapons programme.

U.S. officials in Peking claim that recent reports alleging Sino-Pakistan nuclear co-operation are based on "disinformation." British officials are understood however to be satisfied that Pakistan is pursuing the development of nuclear technology for military purposes and do not exclude the possibility that some assistance may have come from China.

On his recent visit to China Pakistan's President Zia-ul-Haq told a Press conference that "we have no (nuclear) weapons programme." He also described as "conjecture" and "speculation" reports that China and Pakistan are co-operating in nuclear weapons development.

None of these denials have shaken the belief *among* officials that Pakistan is bent on acquiring nuclear weapons through the clandestine purchase of the necessary technology and *raw materials*.

Also standing in the way of Sino-U.S. nuclear co-operation are Congressional safeguards laws which forbid the sale of such technology to countries which are not signatories to the Nuclear Non-proliferation Treaty.

China, of course, falls into this category, but Mr Walter, Stoessl, then Deputy Secretary of State, told American businessman last June that China and the U.S. were seeking an agreement on an exchange of nuclear technology that would not offend the Congressional legislation. Those attempts have not progressed, partly, it *is* believed, because of U.S. concern about Chinese assistance to Pakistan.

China and Pakistan are close allies, share a common border, and have a longstanding programme of military co-operation. China supplies weapons to the Pakistanis.

Attempts by the U.S. and China to reach a *modus vivendi* on nuclear safeguards, were apparently shelved after a visit to Peking last August by Gen Vernon Walters, the U.S. official who undertakes special missions on behalf of the Administration.

According to American news reports, Gen Walters failed to get adequate Chinese assurances that safeguards would be placed on nuclear exports.

Maharashtra's chief minister resigns

By K. K. Sharma in New Delhi

THE CONGRESS (I) Chief Minister of the industrial state of Maharashtra in western India yesterday submitted his resignation to Mrs Indira Gandhi, the Prime Minister, clearing the way for his replacement.

The chief minister, Mr Babasaheb Bhosale, was chosen by Mrs Gandhi a year ago when his predecessor, Mr A. R. Antulay, was forced to resign on charges of corruption and abuse of power.

Although a nominee of Mrs Gandhi's, Mr Bhosale has been under pressure to resign.

Current account surplus rise for Japan

By Jurek Martin in Toyko

JAPAN recorded a $6.90bn balance of payments surplus on its current account in calendar 1982, $2.13bn bigger than in the previous year.

The merchandise trade surplus, calculated on a balance of payments basis rather than the customs clearance figures issued two weeks before, came to $18.19bn, 7.9 per cent under the $19.97bn of 1981. Exports were worth $137.65bn ($149.52bn in 1981) and imports $119.46bn ($129.56bn).

However, the deficit on invisibles contracted to $9.91bn from $13.57bn.

WORLD TRADE NEWS

Decline in Pretoria's exports to black states

By Bernard Simon in Johannesburg

SOUTH AFRICA'S exports to black Africa declined in 1982 for the second consecutive year, according to annual trade figures published yesterday by the Commissioner of Customs and Excise.

Sales to other Arabic countries in Africa reached R926m (£578m) last year, compared with R1.03bn in 1981. The proportion to total South African exports has fallen from 7.6 per cent in 1980 to 5 per cent last year.

The figures include the trade of Botswana, Lesotho and Swaziland. Lower shipments of food, especially maize, and African countries' payments problems are probably the main reasons for the fall-off.

Nonetheless, Miss Sally Gallagher, Africa area manager *of the South African Foreign* Trade Organisation, said that South Africa's market share appears to have risen in several countries, especially Zambia. The main items *sold* to black African countries include building and mining equipment, pharmaceuticals, foodstuffs and chemicals.

Published figures do not reveal the full extent of the trade, since the origin of many shipments is disguised. Miss Gallagher estimated that total exports are about 50 per cent higher than the published figure.

South Africa's imports from Africa are a fraction of exports. Purchases totalled R329m last year, compared with R317m in 1981. Over three-quarters of the imports come from Zimbabwe.

According to the provisional trade *figures, South Africa's* exports to all countries rose by 5.1 per cent last year to R19.1bn. Import values fell by almost 3 per cent to R18.4bn.

The current account deficit, including trade and services, is estimated at around R3.5bn in 1982, but is expected to show a sizeable surplus this year, largely as a result of rising gold and other commodity prices and a further decline in imports.

Britain signed a £20m mixed credit agreement with Zimbabwe yesterday, Reuter reports from Harare. The agreement consists of a new loan of £15m and a £5m grant previously pledged.

Fresh attempt to reduce trade tensions through Gatt

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR IN DAVOS

A FRESH bid to find a mechanism for reducing outstanding trade tensions was made yesterday when both Mr Malcolm Baldrige, the U.S. Secretary of Commerce and Count Otto Lambsdorff, the West German Economics Minister, called for Ministerial meetings of the General Agreement on Tariffs and Trade (Gatt) every two or three years.

The first Gatt Ministerial Conference for nine years was held in Geneva last November and nearly foundered on sharp differences between the EEC and U.S.

Parallel to this call, Viscount Etienne Davignon, Vice-President of the EEC Commission, made a plea for the U.S. and the EEC to create areas of co-operation by extending their consultations to handle day-to-day problems. "What is most dangerous is brutal longer-term issues, not just change," he said.

The calls were made during a discussion at the European Management Forum symposium in Davos devoted to transatlantic relations. They follow informal weekend meetings involving 40 Prime Ministers, senior Cabinet ministers and senior officials from international organisations.

These talks reached no consensus beyond agreement on the need for a package of initiatives to resolve the linked problems of developing country indebtedness and the struggle against protectionism. But there was realisation, Mr Baldrige said, that there needed to be increased dovetailing of the activities of the International Monetary Fund, the World Bank and other international organisations.

The last Gatt *Ministerial* Conference was called both to address the question of protectionism and to chart the course of new international *disciplines* for the rest of the decade.

But Mr Baldrige noted that if such meetings are called only every nine or 10 years the problems become too large to solve at one meeting. Count Lambsdorff observed that at the November meeting many ministers agreed that nine years was too long to wait between meetings.

Count Lambsdorff also said that both the U.S. and the EEC should try to strengthen the Gatt. Their problems should be solved multilaterally, not bilaterally. Gatt Ministers should meet more frequently, he concluded.

These remarks were made against the general background of improvement in U.S.-EEC trade relations following the settlement of steel problems and the abandonment by the U.S. of an imposed sanctions policy against the Soviet Union, and the lower temperature of exchanges about subsidised farm trade.

Viscount Davignon sought to add a new dimension to the relationship by welding on to normal consultations consideration of longer-term issues, mentioning specifically high technology.

If his suggestion is followed through, there could emerge a common U.S.-EEC front against Japan, whose development in *this* area is of increasing concern on both sides of the Atlantic.

Mr Baldrige said that Japan is the "largest threat to free trade." Later, he claimed that Japan was protecting its high technology industries until they were ready to compete worldwide. This was more serious than the beef and citrus question, he said.

The Reagan Administration has waged a vigorous campaign, so far with only limited success, to win greater access to the Japanese market for its agricultural products.

Reuter adds: Mr Bill Brock, U.S. Trade Representative, said he hoped the study on services trade that the Reagan Administration is doing for the Gatt can be completed by autumn.

Book holds key to exporting

BY FRANK GRAY

BRITISH businessmen new to exporting will find their path to doing business overseas *will* be cleared considerably by a publication issued by the British Overseas Trade Board (BOTB).

It is the BOTB's latest Export *Handbook. Containing 129* concise, thumb-indexed pages, the handbook is the most detailed yet published by the board, a unit of the Department of Trade.

Divided into 11 chapters, the handbook takes the business reader over virtually all the hurdles he will have to jump to become a successful exporter, whether it is in industrial goods or in the commodities sector.

It describes in detail those agencies in the UK that provide export services—from the BOTB *itself* and the Foreign and Commonwealth Office's overseas missions to the wide variety of trade associations, chambers of commerce and regional export committees, such as the Scottish Council.

It also instructs exporters on where to go for data and market intelligence and how to find out about export finance, government and private insurance, and how to obtain *help* for small companies.

A section of the handbook deals with the logistics of packing goods for shipment, postal services, freight forwarding, and customs clearance, patents, trademarks and commercial disputes.

Unlike many such books, the BOTB handbook does not just leave the reader with a list of names and addresses to contact but in many instances provides telephone and telex numbers.

In its appendices, it lists more than 100 export, customs and consular addresses in the UK and abroad.

While its focus is on the British exporter, non-Britons in the UK and on the Continent will find a wealth of information including summary explanations of the Common Agricultural Policy, the EEC and the implications for the Community of *Portuguese* and *Spanish* entry. It also deals with its relations with other blocs such as the European Free Trade Association and the Lomé Convention countries.

As an incentive, the Export Handbook's final chapter explains how diligent entrepreneurs might find themselves *qualified* for a Queen's Award for Export Achievement, the Small Exporters Award Scheme and other export promotion competitions available in the UK.

Export Handbook, British Overseas Trade Board, Her Majesty's Stationery Office, 129 pages. £4.95.

McDonnell Douglas plans 155-seat DC-9-83

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL DOUGLAS, the U.S. aerospace manufacturer which has already had considerable success in short to medium-range jet markets with its DC-9 Super 80 twin-engined jet airliner, is to offer a new version of that aircraft, with an extended range capability.

The DC-9-83, announced yesterday, will be able to carry 155 *passengers* over distances of about 3,000 miles, or about 35 per cent further than the Super 80 twin-engined jets now in service.

Fuel consumption with the new version will also be better than in the Super 80. It will be available by early 1985.

The Series 83 aircraft will be able to achieve this improved performance with two new 580-gallon fuel tanks in the cargo compartment, a stronger floor and stronger undercarriage, and changes in the wing skin.

The effect will be to enable the Series 83 aircraft to fly non-stop from Beirut to London or from Scandinavia to the West Coast of Africa. The company has received orders for 187 of the existing Super 80 models.

The new version effectively reduces further the potential market for any new type of aircraft in the "150-seater" market.

The DC-9 Super 80/83 series has become the 150-seater of the decade, and any new venture from Airbus Industrie or other manufacturers will be pushed *back, perhaps to the* early 1990s.

In conjunction with the forthcoming Boeing 757 Series 300 twin-engined jet airliner, which will also seat around 150 passengers, and which is due to become available for service in 1984, the two U.S. manufacturers appear to have "boxed in" Airbus Industrie.

First LNG shipment leaves Malaysia

By Wong Sulong in Kuala Lumpur

MALAYSIA has become a natural gas exporter with the departure of its first shipment of LNG for Japan at the weekend.

The event marks the climax of 10 years' work, from the time the gas was discovered by Shell off the Sarawak coast in East Malaysia in the early 1970s to last Saturday, when Tenaga Satu, one of five tankers, began a six-day journey to Tokyo.

The LNG project represents the biggest single investment in Malaysia, amounting to nearly $3bn.

The Bintulu LNG plant is partnership between Petronas, the Malaysian national oil company, with a 65 per cent shareholding, and Shell and Mitsubishi (17.5 per cent each).

Sharjah seeks joint venture partner in $300m LPG project

BY OUR ABU DHABI CORRESPONDENT

THE SHARJAH Government is seeking a joint venture partner in a $300m liquefied petroleum gas (LPG) project.

It has called for prequalification bids in a package which will include funding, design and product marketing.

About seven companies have responded, and they include Mitsui of Japan, the Austrian Voest Alpine, and Amoco/Sharjah, the company which discovered the gas.

Others are believed to be the Japan Gasoline Company, Davy McKee of the UK, Snamprogetti of Italy and Ferrostaal of West Germany.

Terms of the package allow for the Sharjah Government to hold 70 per cent of the shares in the proposed project company, with the remaining 30 per cent for the partner chosen. Other terms include a 65/35 debt-equity ratio proposal.

The project will comprise the second phase of plans to utilise Sharjah's gas, discovered in late 1980 by Amoco, who hold the concession for the entire emirate of Sharjah. The find is very large, and is estimated to be at least six trillion cubic feet.

The first phase in the utilisation of the gas, which is already being implemented, is a gas network to fuel power stations and industry in all the Emirates excluding oil-rich Abu Dhabi and Dubai. Consultant to this project is Pipeline Engineering, a subsidiary of Ruhrgas, in which BP holds a minority stake.

The company selected for the phase two joint venture partnership will have a 10-year contract for plant management and operation.

One of the most important *aspects* of the agreement will be marketing arrangements. The bidder will be expected to make firm proposals for marketing the LPG.

The Sharjah Government wishes for a medium-term take or pay arrangement, and a price or escalation formula is to be submitted. Bidders have been asked to specify the price they would be willing to pay for the fuel gas and feed-gas for the project.

Plans include a separation plant at Saja'a near the field; a 84 km pipeline from there to Sharjah's eastern coast, where there will be a plant for production of propane and butane. The East Coast location will mean that tankers will no longer have to pass through the Straits of Hormuz.

France wins Soviet alcohol order

By David Marsh in Paris

France's Pernod Ricard drinks group, shrugging off Pravda warnings that Russians should consume less alcohol, has landed a major contract to supply the Soviet Union with 1.5m litres of wine brandy.

The order, clinched by the group's subsidiary Galibert et Varsa, follows a contract last year to deliver 140,000 bottles of anis, wine-based *aperitifs*, cognac, calvados, liqueurs and fruit juices.

The latest deal will be paid for partly by Russian deliveries to Pernod Ricard *of Stolichnaya* vodka—a hot favourite among drinkers in the West.

The company, which says the order is the largest it has won *from Moscow*, gave no *financial* details partly because the compensation element in the business complicates the calculations.

Deliveries will start in the spring, with the destination the Soviet market rather than the network of tourist shops which the company has supplied in the past.

ECGD backs Hong Kong loan

By Our World Trade Staff

The Export Credits Guarantee Department (ECGD) has guaranteed a project line of credit for £8m which J. Henry Schroder Wagg and Company has made available to China Light and Power of Hong Kong.

The loan will help to finance the supply of *high* voltage cables, switchgear, transformers and related equipment and services for the Castle Peak power station project.

Exporters will receive cash payments from the buyer who will receive 85 per cent of the value of eligible contracts direct from the loan. To qualify a contract must have a minimum value of £100,000 and be placed by November, 1983.

In September 1981, ECGD announced it had guaranteed four loans totalling £755m for the Castle Peak Power Company (CAPCO) of Hong Kong.

New Zealand contract

CONTRACTS for a New Zealand Government geothermal electricity power station, which will cost NZ$230m are being let, Dai Haywood writes from Wellington.

UK NEWS

Stock exchange forced to disclose dealing data

BY RAYMOND HUGHES AND JOHN MOORE

THE office of Fair Trading, one of Britain's business watchdogs, has forced the Stock Exchange in London to seek more information from stockbroking and jobbing firms about a controversial type of share dealing.

Within the next month, the Stock Exchange will send out a notice to its members making the reporting of the volume of "put through" share transactions mandatory.

In "put through" deals, which have figured in many Stock Exchange investigations and scandals, share buyers and sellers are matched and bargains agreed at special prices. At present, the mandatory reporting of such deals is confined to the notification of the price at which the deals have been done.

The Office of Fair Trading is currently challenging the Stock Exchange's business methods in the Restrictive Practices Court.

In the Restrictive Practices Court yesterday, procedural matters were dealt with pending a formal examination of the Stock Exchange rule book next January.

Mr David Oliver, for the Director General of Fair Trading, said be was becoming increasingly concerned about the lack of response to a request made to the Stock Exchange in May 1981 for information about "put through" deals.

Mr Kenneth Parker, for the Stock Exchange, said the notice would make some information available, but only in respect of transactions from the date of the notice.

In further argument, Mr Oliver said that the Director General of the Office of Fair Trading would be submitting evidence about alternative business systems operated by foreign stock exchanges. These include New York, Toronto and Sydney.

There were some exchanges, he said, which did not have single capacity dealings and a minimum commission structure.

A central plank of the Fair Trading office's attack on the UK Stock Exchange's business methods is its criticism of the separation of capacity within the market of brokers and jobbers, who are wholesalers of shares. In the stock market at present, brokers cannot act as jobbers.

The Fair Trading office is also critical of the fact that brokers charge a fixed minimum scale of commission.

Mr Parker said thnt the Stock Exchange was unlikely to put any evidence about alternative systems. It would respond to any evidence from the Director General

Ministers on defensive over advertising nuclear policy

BY MARGARET VAN HATTEM AND IVOR OWEN

MOUNTING CRITICISM of a Government plan to spend up to £1m of public money on an advertising campaign to promote its nuclear defence policy forced senior ministers onto the defensive yesterday.

Both Mr John Biffen, Leader of the House of Commons, and Mr Michael Heseltine, the Defence Secretary, sought to distance the Government from the plan, without actually denying it. They merely insisted that no decision had yet been taken.

Mr Heseltine is expected to delay his decision until the strength of the political opposition to the move is clearer.

In Whitehall, the Government's view that several precedents exist for such a use of public funds is ready being promoted. It is being argued that the campaign is intended to inform the public of the availability of propaganda material rather than to present the material itself. It is also being argued thet the whole thing is the brainchild of the two junior defence ministers – Mr Peter Blaker and Mr Geoffrey Pattie – and that no Cabinet members have yet been involved.

The issue was raised in the Commons yesterday after weekend reports that the Government had consulted the U.S. advertising agency J. Walter Thompson with a view to countering growing support for the campaign for Nuclear Disarmament (CND).

Both Labour and Social Democrat MPs are highly indignant over the proposed use of public money to promote what they regard as Conservative Party propaganda

Mr John Silkin, Labour's Shadow Defence Minster, insisted yesterday that the expenditure authorised by the Labour government in 1969 for a campaign to explain Britain's commitment to the North Atlantic Treaty Organisation did not constitute a precedent.

The vital difference, he maintained, was that, unlike in 1969, the Opposition was "totally against" the policy of the Government.

Mrs Shirley Williams, for the Social Democrats said there was no parallel whatever between what ministers now had in mind and the campaign undertaken by the Labour government in 1969

Directors want EEC reforms

By John Elliott, Industrial Editor

A CAMPAIGN to persuade the Government to be more aggressive in pushing for reforms within the European Community was launched yesterday by the Institute of Directors, at a meeting with politicians and other industrial organisations.

The event marked the first visible sign of an attempt by the institute and the Confederation of British Industry, the employers' body, to work together on specific issues instead of publicly attacking each other's policies.

Those at the meeting included Mr Douglas Hurd, Foreign Office Minister, Mr Peter Rees, Trade Minister, British and European Members of Parliament, and representatives of chambers of commerce, engineering employers, motor manufacturers, the self-employed and small companies.

The institute wants to persuade ministers to try to change the nature of the work of the European Commission so that more time is spent on encouraging free trade within the EEC and less time on directives that change national practices.

European Community proposals for directives on worker directors and employee consultation have caused the institute to focus its attention on what it calls the EEC's "social engineering," which it condemns.

It also hopes to co-ordinate views among British business interests on a wider front. It will be preparing a policy document.

A first draft presented yesterday covered policies such as the European Monetary System and the switching of aid from agriculture to industry, as well as free trade and worker directors.

Officials of the institute and the CBI are working together on the policies at the request of their respective directors-general.

High Court move in textile merger battle

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE ROW over the proposed merger of Carrington-Viyella (CV) and Vantona, the Manchester-based textiles group, moved into the High Court yesterday.

Mr Allan Heyman QC, for Carrington-Viyella, said that a private company associated with Mr Joe Hyman, the former chief of Viyella who has been fighting the merger, was engaged in a delaying operation to stop CV shareholders making up their minds.

The allegation was swiftly denied by Mr Robert Wright QC, for Mr Hyman and his company Hopespeed.

The merger offer, which would create a company with an annual turnover of £350m and a workforce of 20,000, expires on February 9.

Vantona has threatened to call off the proposed £16m merger unless it gains acceptances from holders of at least 90 per cent of the equity. The present figure was about 84 per cent.

Hopespeed has lodged a petition under a section of the 1980 Companies Act. This enables a shareholder to complain that a company's affairs are being conducted, nr have been conducted, in a manner unfairly prejudicial to some part of Its members.

Mr Wright told Mr Justice Vinelett yesterday that Carrington-Viyella had started proceedings to strike out the petition.

It was said that the petition was an impediment to the proposed merger going through, said Mr Wright.

"I desire to put in evidence that it does nothing of the sort. I wish to show there is an even more effective bar, for which I shall need to gather evidence to as share prices."

Mr Heyman said there was n strict time limit involved. The Hopespeed petition, he said, was a delaying operation "to stop people making up their minds by February 9."

Mr Wright said he strongly resisted any suggestion of deliberate obstruction. The matter will be back before the court again today.

Row over oilfield sale

BY IVOR OWEN

PROTESTS by Conservative backbench Members of Parliament that a "go-slow" by the British Gas Corporation was impeding the sale of its 50 per cent stake in the Wytch Farm oilfield in Dorset to the private sector were endorsed by Mr Nigel Lawson, the Energy Secretary, in the House of Commons yesterday.

Wytch Farm is Britain's largest inland oilfield.

Mr Jonathan Aitken said there was growing concern about the "transparent delay tactics" being used by the corporation. He urged the minister to talk to its chairman, Sir Denis Rooke.

Mr Lawson replied that be understood Mr Aitken's concern and "to some extent" shared it. He emphasised that the sale of the corporation's holding in Wytch Farm had been debated and approved by Parliament.

To government cheers, he said: "Certainly, it would be a very great pity if those responsible for the sale were to cause the taxpayer to get a less favourable price than he would otherwise have received."

Mr Lawson said he had "a great deal of sympathy" with the view of Mr Tim Eggar, when he criticised the role of Sir Denis Rooke in the matter and claimed that the corporation had put an artificially high price on Wytch Farm.

UK call for cuts in chemical production

By Carla Rapoport

MUCH OF the blame for weak chemical prices in Europe rests with continental European chemical producers who have yet to rationalise their businesses es throughly as those in Britain, according to Mr Robert Horton, newly elected chairman of the Chemical Industries Association (CIA).

Mr Horton, managing director of BP Chemicals, said: "The UK has done its bit and it is high time that the other countries in Europe followed suit." He claimed that a further 2m tonnes of ethylene capacity must be shut down in Europe before the industry can return to n sound footing.

In the past three years, chemical companies in the UK have shed nearly 95,000 jobs, which, along with plant shutdowns, has provided a real improvement in productivity of around 30 per cent, he said.

Although that has resulted in 100 per cent occupancy rates nt many of the UK industry's plants, margins have yet to improve because prices and demand remain weak.

But Britain's heavily depressed chemical industry could pull out of the slump by the end of the year. "We are probably over the worst," Mr Horton said yesterday at an informal press briefing hosted by the CIA.

"I am cautiously optimistic that we'll see n revival around the middle of the year, with growth rates in the second half nf the year reaching 4 per cent, against n gross domestic product growth rnte for the year of around 1.5 per cent."

Apart from increased productivity the UK industry was benefiting from the decline of sterling against the D-Mark. That would help UK companies regain market share from importers.

Import penetration in chemicals has grown from 32 per cent in 1979 to around 38 per cent last year, but the CIA is hopeful that this trend will be reversed.

"The CIA welcomes the position where sterling is more in line with reality," he said.

Mr Horton repeated BP's view that the spot nil market should stabilise at around $28-$29 a barrel. That would mean that the prices of oil-hased feedstocks for the chemical industry would also stabilise at their current low level. As a result, prices of petrochemicals should begin to recover over the next few months.

Mr Horton also criticised the UK Government for not helping on electricity prices.

"It is complete nonsense for the chemical industry to pick up the tab for government's past mistakes."

PACT WOULD HELP TO AVOID STRIKES IN KEY AREAS

Union leader calls for accord with future Labour government

BY JOHN LLOYD, LABOUR EDITOR

THE LEADER of Britain's largest trade union called yesterday for union pact with a future Labour government that would come close to ruling out strikes by key groups such as water workers, firemen and health workers.

Mr Moss Evans, general secretary of the 1.7m strong Transport and General Workers' Union, whose members are involved in the UK water dispute, said such a pact would be impossible with a Conservative government.

He did not rule out a continued dialogue between the Trades Union Congress and ministers under a future Conservative administration. But he said the unions would not agree to a "new consensus" with a Government which expected unions to abide by the employment legislation passed over the past three years.

Mr Norman Tebbit, the Employment Secretary, has held out the prospect nf such a consensus if the Conservatives are returned after the next election.

"If a Labour government is elected, I think the unions would be prepared to conclude what you could term an accord. There are a number of important public sectors in which we have to devise a wny of solving our problems without recourse to industrial action.

"No one wants to take nway, in n free society, the right of workers to withdraw their labour. But there ought to be some practical arrangements made to make n stoppage of work in these sectors the last resort."

Mr Moss Evans

Such arrangements, which could depend on indexed pay rises and comparability with the private sector, were a matter for discussion between the last Labour Government and the unions. There has been some recent informal discussion of those ideas, though no policy has yet been developed.

Mr Evans said that all senior members of the Shadow Cabinet, including Mr Denis Healey and Mr Peter Shore, understood that a "rigid pay norm" would never work.

He stressed, however, that be would support a "progressive incomes policy," allowing flexibility for plant-level collective bargaining within n framework of the "national economic assessment," which set out the constraints imposed by national resources.

Moss Evans has taken n hard pounding since he succeeded Mr Jack Jones as general secretary of the TGWU in 1978.

He took office in time to see the social compact with Labour – which Mr Jones had been instrumental in creating – collapse under the strain of industrial action by his own lorry drivers and other unions' health workers.

He was soon faced with n Conservative Government armed with an anti-union mandate and policies which cut his 2.1m membership to 1.6m, though it has since increased.

Mr Evans conceded yesterday that unions would have little influence on a new Conservative Government, but added that they could not insulate themselves from government. They would be prepared to talk, for example, to the Chancellor of the Exchequer on economic policy, or to make a case for import controls.

Mr Evans said that the TGWU's threat of industrial action at Vauxhall in protest at planned imports of General Motors' new "S" car from Spain had toughened the Government's line on "fair trade."

This would not, however, amnunt to "tripartism as we understand it," and the unions would continue their fierce opposition to Conservative employment law.

"They could not lay down a *quid pro quo* – access to us if you behave yourselves."

Mr Evans said that the 1982 Employment Act's ban on secondary action (against those not directly involved in a dispute) might provide the most likely "flashpoint" for a confrontation between unions and the Government.

New bid made to settle water strike

BY PHILIP BASSETT, LABOUR CORRESPONDENT

FRESH PROPOSALS to increase water workers' earnings above the level of the employers' current pay offer nf 7.3 per cent over 16 months were put last night to the National Water Council by officials of the Advisory, Conciliation and Arbitration Service (Acas).

The Acas ideas centre on the proposals of the appointed mediator, Mr Ian Bochanan, which suggested early discussions and rapid implementation of ways of improving earnings, such as movement from weekly cash pay to payment by credit transfer, and the extension or development of the industry's productivity scheme.

Employers' leaders would not say last night whether these suggestions had involved any concession to the unions' claim for consolidation of the extra earnings from productivity improvements into basic rates.

Water authority employers were considering the offer last night, before returning to Acas again today, but Mr Len Hill, chairman of the employers' negotiating committee, said It could not be concluded that the talks were a preparation for an improved pay offer.

However, although employers' leaders said that the strike would obviously continue today, they would make no predictions for the rest of the week.

Optimism on jobs at Timex

By John Hunt

MR FRED OLSEN, the Norwegian millionaire, told government ministers yesterday thet there was no hope of saving the jobs of the 1,900 workers declared redundant last month at the Timex plant in Dundee, Scotland.

Mr Olsen, who owns Timex, was very optimistic, however, that the jobs of the remaining 2,300 workers employed there could be saved and said the workforce might even be expanded if new electronics projects were forthcoming.

Mr George Younger, Scottish Secretary, and Mr Alex Fletcher, Scottish Under Secretary, promised him that, as new investment was put into the area by his multinational company, so financial support from the British Government would also be nvailable.

Mr Fletcher said later: "Details of any government package are still being worked out. It could be a long-term thing. Mechanical watchmaking has been diminishing over a period. There are not likely to be any more jobs in that connection in Dundee. The 1,900 redundancies must stand."

Just before the closure of mechanical watchmaking at Dundee was announced, Timex had lost a contract to assemble the Nimslo three-dimensional camera nt the plant. Mr Olsen told the ministers that there was no chance of recovering the work.

At the moment the remaining workers are employed on contracts for Mr Clive Sinclair's desk computers and for IBM.

The redundancies have raised a furore in Scotland, where the already-high unemployment rate has been worsened by a succession of major closures.

The Parliamentary Lahour Party has taken up the issue and Mr Olsen had a meeting yesterday with Mr Michael Foot, the Labour leader, before seeing the ministers.

The ministers emphasised to Mr Olsen that, as Dundee is a special development area, any new developments he initiated would qualify for 40 per cent capital grants.

The meeting was described as "resonably optimistic."

Japanese machine tools could cost 40% more

BY PETER BRUCE

THE PRICES of Japanese machine tools sold in Britain could rise hy between 20 to 40 per cent in the next few months, major importers believe. This follows a sharp rise in the yen against sterling since November.

Importers and British machine tool manufacturers agree that a fierce tussle for market share will begin after April, when stocks of Japanese machines held by importers dry up.

Mr Joseph Perkins, managing director of Elgar Machine Tools, a B. Elliot subsidiary, said prices of the Japanese computer numerically controlled (CNC) machining centres and lathes sold by the company were being forced up by three factors:

- A rise the yen against the pound, from 484 nt the beginning of November 1982 to 365 yesterday which could increase Japanese machine tool prices.
- Japan's powerful Ministry of International Trade and Industry (MITI) last month decided to respond to a flood of complaints about unfair trading from Western manufacturers by raising the floor price of machines sold in the Europeen Community, U.S. and Canada hy 10 per cent.
- Just before that, the Japanese Governmeot, embarrassed by the strength of the yen against the dollar, had adjusted the basis of its floor price calculations. This cleared the way for price rises of up to 10 per cent.

Mills Marketing, Britain's higgest importer of Japanese machine tools, confirmed that prices were expected to rise hy up to 25 per cent after April. There would probahly be some loss of market share, the company said.

Mr Pat Gailey, presideot of the Machine Tools Trade Association and managing director of Giddings and Lewis-Fraser, insisted yesterday that British manufacturers could fill any gap created in the market by Japanese price rises.

UK manufacturers of CNC mechining centres and lathes were working at an average of only 50 per cent capacity, he said, and several producers had heen forced to built up stocks to keep plants running.

Some UK manufacturers believe, however, that price rises, even as high as 40 per cent, may not, eliminate the competitive edge that Japanese machines have had on price.

Jnpanese machines are often sold in Britain and the rest of Europe at up to 50 per cent lower than list price.

Lotus confirms car agreement with Toyota

By Kenneth Gooding

MR MICHAEL KIMBERLEY, maoaging director of Lotus sports cars, said yesterday that the company's agreement with Toyota Motor of Japan would be unaffected by the denth last December of Mr Colin Chapman, the founder of the Norfolk-based company.

Mr Kimberley has recently returned from Japan after talks with Toyota. The Japanese company is one of Lotus's largest suppliers – its gearbox, differential and brakes are fitted to the revised Lotus Eclat launched last autumn.

It will supply the engine, gearbox and other components for a new Lotus sports car, codenamed the M90, which should be in production by 1985.

The intention is to prodnce about 5,000 of the car a year, with most destined for the U.S.

Mr Kimberley said that Lotus intended to produce about 800 cars this year, compared with 572 last year. He said a confirmed order had been received from the U.S. for 350 cars to be delivered this year.

Lotus, he said, hoped that the report being prepared on its corporate and financial structure would be completed in four to six weeks' time.

New offer made in television dispute

HOPES rose yesterday for a settlement of the dispute over fees paid to actors for advertisements on Channel 4, the new independent television channel, and TV-am, the breakfast television company which began transmissions this morning.

The dispute has seriously reduced the number of advertisements on Channel 4 and threatened the viability of TV-am, which will depend entirely on advertising revenue.

A new offer was made to the actors' union, Equity, yesterday by the Institute of Practitioners in Advertising, which represents most advertising agencies. Mr Peter Plouviez, general secretary of Equity, said it was n "much more attractive offer" than any made before.

Air seat sales

BRITANNIA Airways, the independent holiday airline, is to offer seat-only tickets to Yugoslavia from May 1. The decision, approved by the Civil Aviation Authority, has wide implications. Yugoslavia is the first European country to accept a plan to allow UK holiday airlines to sell seats only, instead of a package that includes hotel accommodation.

Airport dispute ends

MANCHESTER Ringway Airport reopened yesterday afternoon after 900 striking manual workers voted to return to work after n compromise was reached in their pay dispute.

Canadian fares cut

BRITISH Airways has cut the cost of tickets on its flights to Canada from Heathrow, London, and Manchester. Up to £96 has been cut from the price of a super Apex (advanced purchase excursion) ticket this spring. This reduces the price of return flights between London and Toronto and Montreal to £199. The same fare applies on flights from Manchester to Toronto.

43m air passengers

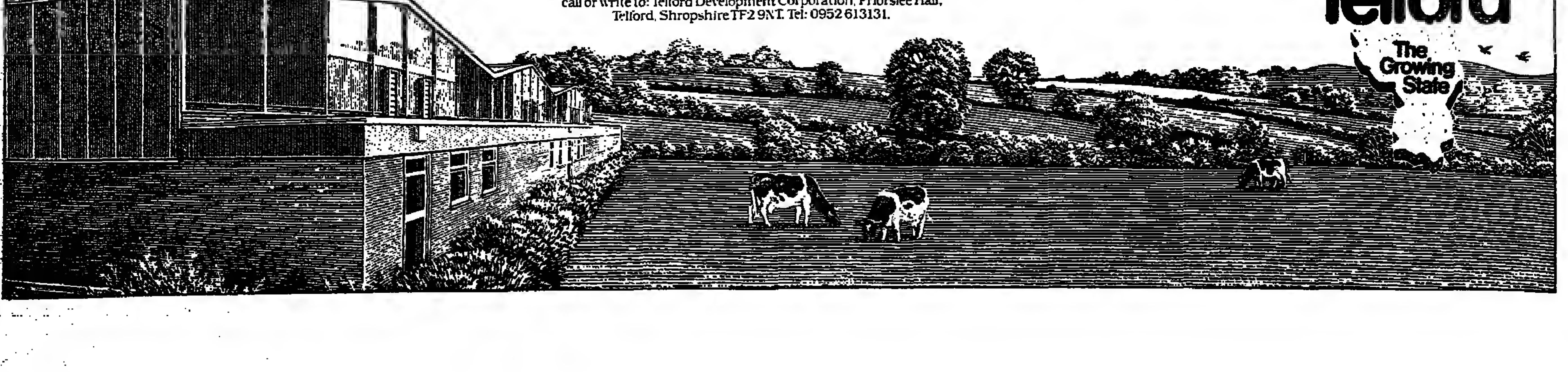
AIR TRAVEL to and from the UK remained depressed last year. The number of passengers using the seven airports run by the British Airports Authority (Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Aberdeen and Edinburgh) rose by only 1.6 per cent to 43.4m. The numbers passing through Heathrow remained static, at 26.4m, while at Gatwick they rose by 3.9 per cent to 11.15m.

Communication boost

THE Government is to spend up to £1m supporting World Communications Year, Mr Patrick Jenkin, Industry Secretary, said yesterday. The United Nations declared 1983 as World Communications Year

Heinz plans cuts

TALKS BEGAN with unions at the Heinz factory in Wigan, Lancashire, yesterday over plans to cut about 250 jobs. The unions are attempting to avoid enforced redundancies in the 3,000-strong workforce.



THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Peter Bruce on Binns and Berry Brothers

A family affair

'Thirty years ago we decided we were a small firm and to concentrate on making the best machines in our range. It was the best thing we did'

AT THE height of the Great Depression in 1931, Tom Berry was on the shopfloor of his Halifax machine tool factory when one of the office staff ran down to say there was a black man to see him at the entrance. The message probably provoked Tom's curiosity because despite pressing problems, including a three-day week and the fact that he had not been able to sell any of the 27 completed machine tools lying about the plant, he took the time to go upstairs.

The visitor introduced himself as Eruch Engineer, and said he was a merchant from Bombay. Did Mr Berry have any lathes to sell? Mr Berry certainly did, but whether he was optimistic about a sale as he led his guest down to the machine shop is not recorded.

Mr Engineer, however, bought all 27 machines and promptly wrote Tom a cheque for £5,000. From then until 1949, just after Indian independence, he acted as Indian agent for the small, family-owned manufacturer, and bought another 1,200 machine tools.

Today Tom Berry's great nephew, Frank Berry, still has a framed picture of the Engineer family in his office. "I am convinced that if that chap hadn't knocked on the door we would not be here today," he says.

Three years into what has arguably been the most traumatic time for the British engineering industry since the 1930s, Binns and Berry Brothers is still making lathes in Halifax, has just returned to a site it left in 1917 following the demise of another machine tool maker, John Stirk, and is quietly confident of record sales in 1983.

"We have been lucky," says Frank Berry, anxious not to tempt fate. "I have a feeling business is improving. It's a matter of producing the right thing, a matter of bending to the customer's whims and fancies."

Binns and Berry, founded in 1898 by Tom and Harry Berry, along with Ned Binns, who died in 1912, is one of the very few family-owned machine tool makers in the country. Frank Berry and his brother, Harry, today form what could loosely be called the senior management. Frank's son, Michael, who has been pottering about the shopfloor since he was 10, is a director and production manager and his sister, Susan, is in charge of the refurbishment division. Their mother, Mildred, does the books.

Apart for a short period two years ago, none of Binns and Berry's 70 staff has been on short-time during the recession.

Mike Arron

The Berry family (l to r): Harry, Frank, Mildred, Michael and Susan

Of 10 workers made redundant in the past few years, five are back.

Despite the homespun, almost Victorian, flavour of management at Binns and Berry—it runs a steady overdraft but has never raised any money on the markets—Frank Berry insists that there is no magic formula to keeping head above water during recession.

If anywhere, the key to survival, in a period that had claimed at least half a dozen well-known machine tool manufacturers, is the product, which other manufacturers concede is very good. Unlike many rival machine tool builders, Binns and Berry only makes one basic machine, a lathe.

"Thirty years ago we decided we were a small company," says Frank Berry. "We decided to concentrate on making the best machine in our range. It was the best thing we ever did. We think it's an age of specialisation . . . if you're going to cast a wide net it means you can do everything, but only fairly well."

The chosen machine was a centre lathe, a type common to machine shops around the world. Last year the company began to market, at a competitive £55,000 a piece, a computer numerically controlled version, its first venture into CNC technology. The "Trident 80" turns out to be the eighth redesign of the machine the company began to concentrate on in 1951. True to family tradition, Harry Berry has masterminded all the changes in design.

Some 26 orders have been won for the machine, which looks like no other CNC horizontal lathe being produced in Britain (or Europe for that matter). Luck, probably in the form of a lack of the kind of development capital bigger manufacturers have used to create a new generation of CNC lathes, appears to have played its hand again.

Where the leaders in the industry, in the UK and abroad, have allowed the new technology to dictate the broad design of CNC lathes, the Binns and Berry entry still looks like the conventional machine. The family is convinced this provides their product with enormous psychological advantage on the shopfloor.

The brothers have nevertheless gone out of their way to make sure their basic design is flexible. One-off sales of conventional machines include a lathe to machine the ends of pipeline with a 10 foot diameter, almost double the size of the largest specified swing, and a more eccentric version which has been stood on its end by a grateful buyer.

Although the Berry Brothers have developed their CNC machine without substantially disturbing the component pattern of the conventional tool, it has cost them. Profits are never made public, nor dividends paid, but £200,000 had to be spent over four years on developing a computer control system. This was done in conjunction with a small Andover electronics company and Binns and Berry now markets the only British CNC machine tool with a captive, British designed control system.

Development of the new machine has kept the company in loss for the past two years at least. Frank Berry, however, believes that is academic, as whatever profit is made on trading is likely to be ploughed back into research or expansion.

"We're not here to make a quick profit," he says. "It's a matter of trying to continue. We've never declared a dividend and we've no shareholders breathing down our necks. We're in business to provide a service . . . we're interested in engineering."

Fortunately, for the cynic who might find that level of commitment difficult to deal with, there is something of the expansionist in Frank Berry. "We could treble our turnover," he says, "but as a family business, if we are going to do this we are going to need help, a partner or something.

"We would find it very hard to submit to a majority partner. But then again it's what you want to do; how fast you want to grow." Berry is not letting on how fast Binns and Berry wants to grow, but there have been approaches from potential partners in the past and, according to some specialists in the City, others would not be too difficult to find.

Meanwhile, Binns and Berry, which keeps one of the lowest profiles in the industry, is doing - very - nicely - thank - you. Turnover this financial year should return to an average of around £1.5m after dropping to £1.3m in 1981. Margins, which have dropped from around 9 to 10 per cent on sales in the UK to below 5 per cent in some cases could begin to strengthen if an increase in inquiries in December, also noticed by other manufacturers, comes to fruition.

While the Berry family, along with the entire UK machine tools industry, waits for signs of an upturn in their domestic market, they have, says Frank, been doing a "tremendous export" trade. In Mr Engineer's heyday, the company was selling 95 per cent of its machines to India. From 1942 to 1980, exports dropped to 30 per cent of turnover but since the beginning of the recession three years ago this has crept back up to 50 per cent.

Venture capitalists group highlights an element of disunity

THE announcement yesterday of the formation of the British Venture Capital Association is a sign of growing maturity within the venture capital industry in this country.

The new association has the blessing of John MacGregor, the Industry Minister with responsibility for small firms. But it is arguable that its membership at this stage is as noteworthy for those which are not on the list as those which are.

An impressive 33 financial institutions have signed up but Finance for Industry (which takes in the Industrial and Commercial Finance Corporation and Technical Development Capital), County Bank (part of National Westminster) and Barclays Development Capital are not among them (although they were all invited).

Venture capital is a term which is much bandied about and ascribed to a variety of types of financing—the association's members certainly reflect a wide range of practitioners.

David Cooksey, managing director of Advent Management and BVCA's first chairman, explains that, broadly speaking, the association's articles require institutions to be "equity orientated, involved with the management of the companies they back on a close partnership basis rather than as a rather remote lender and interested primarily in minority stakes."

Initial members include American-controlled groups such as the APA Venture Capital Fund and Venture Founders, the odd pension fund and investment trust. Electra Risk Capital (the biggest fund set up under the Government's Business Start-up Scheme) and public sector representatives such as the British Technology Group, the Scottish Development Agency and Hafren (the venture capital side of the Welsh Development Agency).

The association (which has grown out of the venture capital forum, an informal "talking shop") aims to provide a forum for discussion of venture capital issues; to represent the "industry" in discreet discussions with Government; and to set minimum standards for the protection of investors and investee companies.

Cooksey says: "I think we have an impressive cross section. I reckon that the members represent about £200m of the £300m available in the UK for this type of investment."

Nevertheless the absence of ICFC and TDC in particular begs the question just how representative the new association is. In the financial year 1981-82 ICFC completed over 1,000 deals amounting to more than £100m and while much of this was straightforward lending the figures include investments in 440 companies under three years old (and 60 in areas of high technology).

ICFC, of course, is primarily a "hands off" investor—in other words it does not get closely involved with management of the companies it backs and to many people does not therefore fit into a "pure" definition of venture capital (or match the criteria for the new association). On the other hand, TDC (very much a "hands on" institution) certainly does.

An FFI spokesman said the invitation to join had been turned down because the association seemed to be concentrating too much on the "hands on" approach. "We think this may be too restrictive. There are a lot of lobbyists in this area and we still have to be convinced that this one is needed."

Geoff Taylor, managing director of TDC, said that at this stage "I am still unhappy about some of their detailed plans. If it can be a really effective association though, I think we should be a part of it and be a big player."

Tim Dickson

IN BRIEF

A NEW guide to government industrial incentives has been produced by accountants Peat Marwick Mitchell. Evidence suggests that while small firms are generally aware that assistance is at hand, actual knowledge and use of schemes is limited. The information in this book will be updated through Prestel. Available from the Publications Administrator, Peat Marwick Mitchell, 1 Puddle Dock, Blackfriars, London EC4. Price £1.

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TECHNOLOGY

EDITED BY ALAN CANE

VIDEO AND FILM BY JOHN CHITTOCK

Surprises in the industry

THE LAST 20 years have been more spectacular for the audio-visual media than, arguably, any other industry bar computers, space travel and integrated circuits. Growth and development even in transport could barely equal the spread of television, the improvements in videotape recording, even the relentless progress in the oldest medium of them all—still photography.

The changes have been both quantitative and qualitative, and although the scope for continuing improvement must diminish, the industry is forever full of surprises. Last week, for example, Kodak announced a new family of film stocks for 35 mm still photography—joining the recent Kodacolor 1000 film, which is over 20 times faster than colour film of the early 1960s.

These improvements in photographic emulsions exemplify how the image-makers never give up. The Kodacolor 1000 emulsion is based on a new technology in photographic chemistry—effectively employing a different silver halide grain shape, flatter than conventional grains and thus able to absorb more light.

The new family of 35 mm films does not, however, use this high speed photo-chemistry but instead breaks the vicious triangle which in the past meant that sharper pictures, faster emulsions and finer grains were interdependent—improvements in one characteristic could be made only at the expense of one or the other. The new films are claimed by Kodak to set new standards in all three criteria.

As electronic media have challenged photo-chemical systems, this quest for quality has been the major line of defence for the photo-based industries. Again this was exemplified last week by an announcement from Hasselblad—makers of the superlative 6 x 6 cm single lens reflex camera; they are now introducing a 6 x 6 cm slide projector with a rotary magazine holding 80 transparencies. Suddenly, 35 mm slides may seem dull and fuzzy.

Sparkling, bright, crisp quality is certainly a powerful weapon against video—which in its consumer versions leaves plenty of room for improvement. Could there be a backlash coming? Unlikely, but a statistic that will surprise many in the industry also came last week when the British Industrial and Scientific Film Association gave details of the entry for this year's Film and Video Festival.

Stanley Kalms, chairman of Dixons: Video sales will be at the expense of 8mm film

Although video is now eroding the dominance of film—117 out of the 281 entries in this festival which until recently was wholly film—the number of film production shot on the 35mm gauge of the commercial cinema has actually gone up (from six to eight).

The problem for photographic systems in the market place remains, however, inescapable. The just-announced slip in profits at the Dixon retail chain brought with it a statement from the chairman that video cameras will sell well this year—and there is certainly plenty of evidence that such growth will be at the further expense of 8mm film systems.

For example, the bastion for home movie-film producers has always been the monthly magazine *Movie Maker*, which for 46 years has been running the annual Ten Best competition for amateur films. But this year, the magazine has also started its first-ever video contest—the results of which have just been announced.

For the traditionalists who despise poorly made, fuzzy, home video productions, the contest has been a surprise. In the words of Managing Editor Tony Rose, the five best winners were "outstandingly good . . . . as fluently (edited) as films and without any noticeable sacrifice of picture quality."

There is a nasty irony in this story, however. About three years ago, the same magazine tried to mount a conference about video for the photographic retail trade—and had to cancel it through lack of interest. In trying to blaze a trail, *Movie Maker* found itself almost alone, and generated a fierce correspondence over the whole subject.

With a few exceptions as exemplified by Dixons, the photographic retailers have allowed TV and hi fi shops to now take the high street lead in video. Even the magazine of the Institute of Incorporated Photographers—*The Photographer*—reveals a quaint attitude to video in its current issue ("whilst on the subject, it would be good to hear from other readers who have run into this 'strange animal' as Mr Foss describes video"): but at least they have started an audio-visual section.

The astronomical growth in video has caused its problems, not least of which is the obsession with statistics instead of quality. Supporters of the video disc will be jubilant to hear that disc sales in the U.S. in 1982 were 150 per cent up on 1981; and that 3 per cent of the American Film Institute's members now own video disc players.

How many in the industry will worry, however, about a justifiable complaint heard from one producer last week—namely, that the picture quality of his optical video disc copies was not as good as the U-matic videotape versions, when theoretically it ought to be better? At VIDCOM in Cannes last year, I must confess that all the optical video disc systems on display except for one Sony industrial model were not yielding the quality I have seen on other occasions—almost certainly due to the discs rather than the players.

The video industry is aware of quality problems, but the pressure from the booming statistics does turn it into a mass production business where quality control cannot be so leisurely as in the film business. Last week Rank Phicom Video claimed a world record of 290,000 videocassettes duplicated in the six week period before Christmas—and whereas Rank do have excellent QC, these figures reveal what a dramatically different business it is than for example 16mm film printing.

LASER CARD EQUIPMENT LICENSING

Three more companies in memory agreement

BY GEOFFREY CHARLISH

THREE MORE major electronics companies have signed laser card equipment licensing agreements with Drexler Technology Corporation of Mountain View, California.

They are NCR, Ericsson Information Systems (which has just formalised its presence in the UK) and the Israeli company Elbit Computers. They follow Toshiba, which was the first to sign in November of last year.

These licensees will get equipment information, non-exclusive licences to equipment patents and distribution rights for the Drexon laser/optical memory cards. Four types of card equipment are being developed for Drexler by SRI International and it is expected that the licensees will commercialise this technology into their respective system design, manufacturing and marketing programmes.

The $200,000 licence fee per company does not include technology or manufacturing rights to the cards themselves—for which Drexler is building facilities aimed at future production rates of 25m cards each year.

These wallet-sized cards produced something of a stir when they were first announced about 18 months ago. They deploy optical modification of a special surface rather than magnetic or semiconductor technology.

The result is a capacity of about two megabytes for a recording stripe measuring 80 x 35mm. The cost per bit stored is very low and the technique offers good security against fraudulent use.

Drexon cards can be used in read only or "read after write" applications and potential uses include personal computer software loading, videogame software, medical, educational and office automation, manufacturing data systems, debit cards, ID/security, banking terminals and other digital information systems.

Some additional information on the technology has been released by Drexel. For example, in the card equipment under development at SRI the data bit "holes" are five microns rather than the one micron or less used in the consumer oriented optical discs. The equipment design is therefore less exacting and linear charge coupled devices (CCD) arrays can be used for reading the data.

In fact, as the card passes lengthwise under the crosswise CCD array the data is rapidly scanned across the width of the card with a 2048 element array. This approach also allows card misalignment to be compensated for.

On the sensitive stripe Drexler uses a proprietary material normally reflective but blackened by laser light.

However, it contains very little silver (about one cent's worth) and is produced in 1,000 ft rolls on a continuous basis.

There are two types of card. One is a laser recordable blank for direct read after write applications. The other is an "optical software card" for read-only purposes which is to be factory pre-recorded using a high-speed lithographic process.

The recordable cards are expected to have an OEM price of about $1.5 each in quantities of 100,000, as will the software card with up to 1m recorded bits 125 cents for each additional megabit).

Drexel makes some interesting comparisons with existing methods. For example, a one megabit ROM it says, was recently priced at $40 each in quantities of 10,000. Furthermore, although ROM may decline in price by a factor of four in the next few years, the storage capacity of the optical medium could quadruple in about the same time. Already 30 programs could be kept in a personal computer.

Use of the blank card will develop as suitable laser array devices appear for recording 8 or 16 bits at a time. Bell Labs and RCA among others are developing such devices. Drexler is in Mountain View on (415) 969 7277.

MACHINE TOOLS

Yamazaki in FMS scheme

YAMAZAKI Machinery (UK) at Worcester has been approved by the Department of Industry as a consultant to British industry on flexible manufacturing systems—the only Japanese company in the FMS scheme.

The set-up of Yamazaki and its launch of its new machining centre (FT September 16 1982) means that the company's clients will be entitled to a 50 per cent grant, up to a maximum of £50,000, for all FMS consultancy work provided that the Production Engineering Committee of the DoI approves the proposals.

Two stages are envisaged—basic proposals followed by a full study contract. The first stage will be undertaken at Worcester covering such requirements as machinery requirements and quantity, number of shifts, man/hours, fixturing pallet stocks and design of the tool setting area.

At the second stage software engineers from Yamazaki Machinery, Nagoya, Japan, are called in for a full study contract to cover the complete FMS project from downtime through to project scheduling, material requirements and handling, stock control, work flow and finishing processes.

Bob Wilkinson, managing director of Yamazaki in the UK says he has been very impressed by the DoI's professional approach. More information from Yamazaki at Worcester (0905 57024) or the DoI FMS scheme (01-212 7676).

MAX COMMANDER

Television

BBC sends digital signals

THE BBC has sent digital television signals to the recently approved CCIR standard over the optical link between two TV studio centres.

The eight fibre graded index cable was installed by British Telecam in existing ducts between Lime Grove and the Television Centre, a path length of about 800 metres.

Only one of the fibres was used, at an effective bit rate of 270 megabits per second. A direct modulated 820 nanometre wavelength laser transmitter launched some 600 milliwatts into the fibre.

As the signal was carried in separate component form, pictures of original "red-green-blue" (RGB) quality were obtained. With no intermediate PAL coding, remote downstream processing becomes possible.

Safety

Smoke detector

MK Electric has extended its range of Red Alert smoke detectors with the introduction of a model compatible with its existing battery operated models but which can also switch on auxiliary and, possibly remotely placed low voltage warning devices. More from the company at Shrubbery Road, Edmonton. (01 803 3355).

Speech

Encoding system

THE TEXAS Instruments' Portable Speech Lab., a self-contained unit which can digitise and encode human speech is now available from BA Electronics of Bristol.

For the customer, the TI unit means an end to the use of standard vocabularies stored in silicon—they can use the sound of any voice they require with as many words as they need—including foreign languages.

The unit can play the digitised speech back immediately, or the record can be transferred to a programmer which will write it into a silicon memory chip. More from BA on 0454 315824 or Texas on 0234 67466.

Communications

Network timing

SOME EQUIPMENT to be supplied by Racal Dana to Mercury, the new independent telecommunications network, will ensure network timing accuracy to seven parts in a thousand billion using caesium technology.

The Oscilloquartz master frequency equipment will be installed at Mercury's Birmingham network control centre and will allow the UK network to inter-operate with digital networks worldwide.

There will be three independent frequency channels, each driven by a primary caesium frequency standard operating at 5 MHz. Further frequency conversion will give up to 45 outputs at 2.048 MHz.

Energy

Controlled meter

A micro-computer controlled energy meter which measures consumption and peak loads, to ensure the most economical operation of the plant, is offered by CEWE Instrument, a company associated with the Swedish ASEA group.

The Energus meter measures, registers and controls electrical consumption, with the additional facilities of serial and pulse output for direct communication with external computers or printers. It is designed for use by both generation and distribution authorities and consumers.

Details from: ASEA, Earl Road, Cheadle Hulme, Cheshire (061-485 7121).

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THE ARTS

Max Ophüls Prize/Saarbrücken

Ronald Holloway

Far and away, the most unique film festival on the German scene today is the Max Ophüls Prize in Saarbrücken, now in its fourth year in an early January slot. This year, the festival had to be extended an extra day, January 19-23, to accommodate the 27 entries selected from the 52 sent for consideration. And an audience of over 5,000 meant jammed foyers and comfortable but limited seating in Camera One and Two on the Berliner Promenade overlooking the Saar River.

The Federal Republic of Germany has several well attended film festivals. But, as the only German film festival with an open-ended democratically organised competition for all German-speaking lands (FRG, GDR, Austria and Switzerland) the Max Ophüls prize is special.

It is called after a native son who has written with some affection on his youth in the city and has been honoured *in absentio* with a full retrospective of his German, Austrian, French, and American films in 1979. On that occasion, Albrecht Stuby, the manager of the Stadtkino Camera, decided to risk in the following year a competition in the director's name.

> "If we had shown all 52 films sent for consideration we would have had to extend the festival for a week and hope the jury won't go on strike"

The four subsequent winners —Niklaus Schilling's *The Willi-Busch-Report* (West Germany) in 1980, Frank Ripploh's *Taxi zum Klo* (West Germany) in 1981, Clemens Klopfenstein and Remo Legnazzi's *All Night Long the Round* (Switzerland) in 1982, and now Niki List's *Malaria* (Austria) — are all comedies or tragi-comedies that point to new trends in the direction of an appreciative movie-going young public with a measure of critical taste.

The success of the venture is verified by a doubling of the entries and attendance over the past four years: 12 West German entries in 1980, 19 West German in 1981, 32 Pan-German in 1982 for an audience of 3,044, and 27 selected entries from four lands for an attendance of 5,029.

"If we bad shown all 52 films sent for consideration," remarked festival director Stuby, "we would have had to extend the festival to a week and hope the jury don't go on strike." Next year, larger quarters in an additional cinema are a must among whichever changes are made — possibly earphones for foreign guests as well.

Bridge

Saarbrücken is an industrial city with a history of changing fortune as a border city harried by two world wars. Its Lord Mayor, Oskar Lafontaine, is a coming figure in Social Democratic Party circles—if only because he made a few headlines by inviting another born-and-raised Saarbrückener, East Germany's Party Secretary Erich Honecker, to pay a state visit to the Saarland and the latter has given every indication of accepting the invitation in the near future.

In this climate of a festival as a "national bridge," Saarbrücken has thrived upon quality film productions from the German-language lands—including the German Democratic Republic. Further, the former West German Minister of the Interior, Gerhart Rudolf Baum, delivered an opening address at this year's festival on "*Der junge deutsche Film*—Consequences of the Cultural Film Subsidy Programme in the Federal Republic." His speech paid particular tribute to the so-called "New Generation" or "New Cinema" movement, of which the "Max Ophüls Prize" is the festival clarion call.

Niki List's *Malaria* scores as a rib-tickling satire on the punk-bars, bar-madames, long-drinks, carnival-costumes, and other absurdities of the Vienna Night Scene. The film motifs come from B-Westerns, cult movies, and horror classics of Hollywood's hey-day, the whole coated with a lush inane musical soundtrack common to the *Neue Deutsche Welle* trend. There's no plot to speak of: the eponymous bar simply opens and closes, while the clientele hangs around as he or she pleases from dusk to dawn.

Favourite

An audience favourite from its first screening was Werner Masten's *The Pleasure of Washing One's Hands*—listed in the programme as an Austrian production, but in truth produced by West Germans, set in South Tirol (Südtirol) of northern Italy and in German Switzerland, and filmed in Italy and Austria. The fate of Südtirol since the First World War was consignment to Italy, and not even the Hitler-Mussolini pact changed the allegiance back to Austria or the Third Reich (as the population desired).

The film, based on Joseph Zoderer's novel of the same title, recounts the author's childhood during and shortly after the Second World War in Südtirol Graz in Austria, and a Catholic boarding-school in a Swiss convent (where the poor lad experienced for the first time the pleasure of washing one's hands with a bar of soap).

A round dozen of the 27 entries deserve comment. Peter F. Bringmann's *The Heartbreakers*, opening with some 50 copies across Germany during the festival week, remarks the director and scriptwriter, Matthias Seelig, as the most accomplished team on the scene today for young audiences. Their previous success was the box office winner, *Theo against the Rest of the World*. *The Heartbreakers* is the story of a Gelsenkirchen rockband in 1966 struggling for recognition, each member of the group a personality geared to amuse the teeny-bopper in the back row.

Feeling

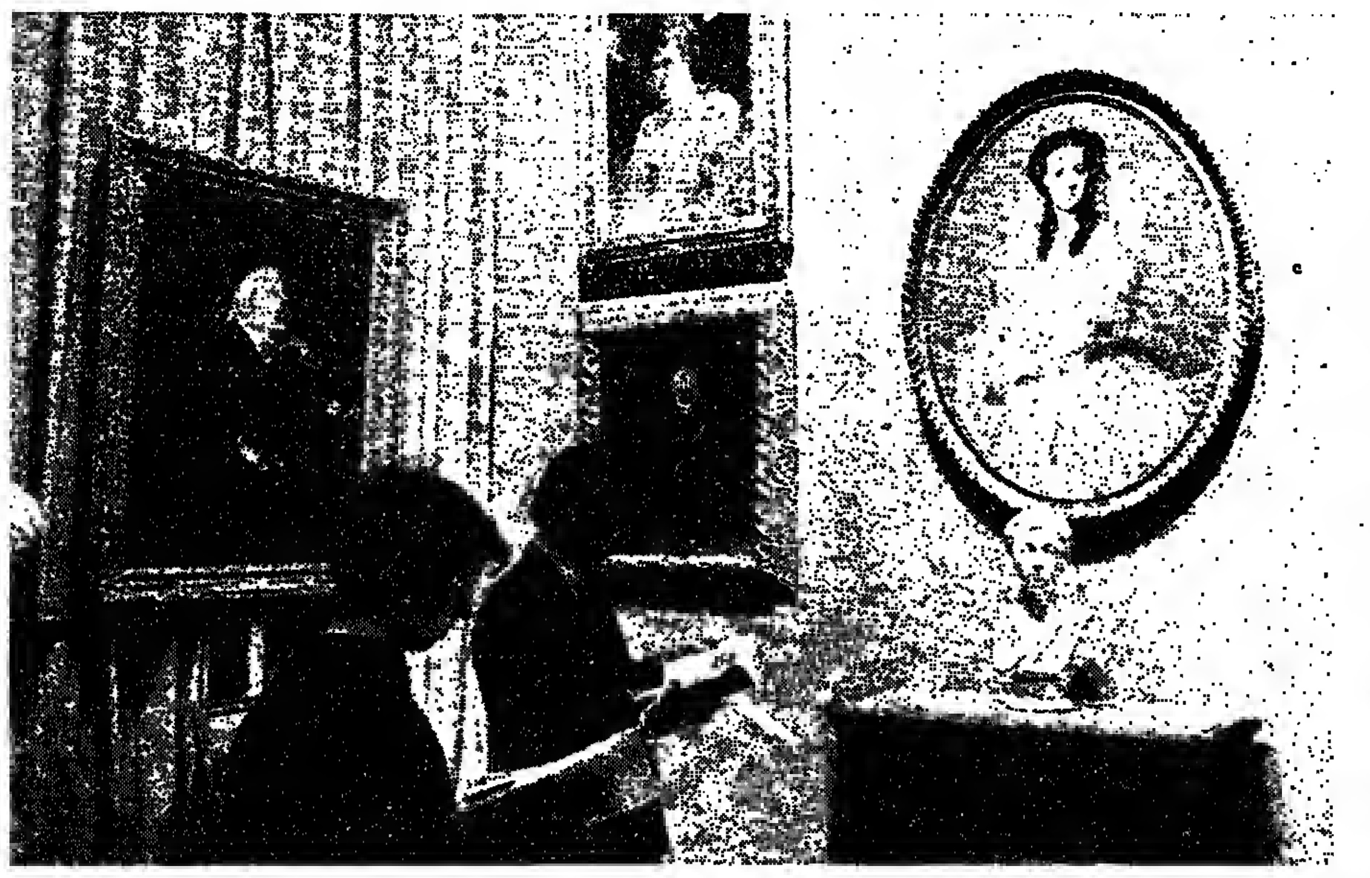
Seldom have so many contemporary comedies been on display at one festival. *Malaria* and *Heartbreakers* were crowded by Dieter Köster's *Wild Bunch* (another prize-winner), Friedemann Beyer's *To Vienna*, Manfred Stelzer's *Stoned*, Rigo Manikofski's *Put Up or Shut Up*, and Gabor Altorjay's *Tscherwonez*, among others—all from West Germany. The East German entry, Karl-Heinz Heymann's *Difficult to Become Engaged*, offered a related portrait of youth in a Socialist society that allowed for several points-of-contact.

The Swiss entry, Nino Jacusso and Franz Rickenbach's *Class Whispers*, minutely observed the drama of a classroom of 18-year-olds just before graduation. The screenplay was written by the participants themselves and based on their own experiences. A diploma film at the Munich Film School, Lutz Konermann's *Aufdermauer*, treats the fate of a lifer in prison with remarkable feeling for both the subject and its unique film opportunities: a man's freedom after 30 years behind bars.

Saarbrücken was memorable. It will surely continue to grow in prestige with the years on one aspect alone: competition for the best of German-language New Cinema.

Kings and Queens/Roy Strong

Mask and Image



Sovereign sitters on view at the Queen's Gallery

Every so often it is permissable to play to the gallery. *Kings and Queens* at the Queen's Gallery is just such a romp. All the learning and gravity that one expects of an exhibition organised and catalogued by the Surveyor of the Queen's Pictures, Sir Oliver Millar, is there but this time it is worn lightly. The accent is less on artist than on anecdote. A watercolour of Queen Victoria as a baby is linked to her father's description of her as "rather a pocket Hercules, than a pocket Venus." Van Dyck's sonorous state likeness of Charles I brings life to Philip Warwick's observation "tho he was farr from pride, yet he was carefull of majestie."

This is a happy exhibition, untaxing and delightful, whose emphasis is on royal faces and personalities through the centuries with only occasional forays into the more profound aspects of what still remain icons to be read within terms of their period.

What struck me most of all was the enormous strides that have been taken in the study of royal portraiture since the last war. Virtually none of the 140 faces assembled here escapes the overtones arising from reality quickly dissolving into mask and image. Royal portraiture as we know it was a creation of the mannerist and baroque periods, ages during which Europe consolidated itself into a series of nation states and in which the tide flowed decisively in favour of absolutism.

They witnessed the revival of the use of ruler images as a potent means of projecting a dynasty and holding the focus of a people divided often in terms of class, religion or ethnic origins. The rediscovery of the cult of the imperial likeness under the Roman Empire was a powerful impulse and gave new life to long dead forms or ones that had been revived in the middle ages only in successive *renovatii imperii*.

Out of this was to come the heroic equestrian portrait, the medallic profile, the sculpted bust and the paraphanalia of imperial greatness: eagles and orbs, classical garlands and dress, the attendance of mythological deities in which a ruler was seen to be part of Olympus.

So it is that Elizabeth I issues from her palace to eclipse the awaiting goddesses or Anne of Denmark turns her unattractive profile as Empress of the revived Empire of Great Britain or *putti* float in the air above Frederick, Prince of Wales.

The grip of manufacturing these state images pulsates down the centuries to poor King George VI's agonies with Sir Gerald Kelly. He "did not like wearing his coronation robes . . . He put them on, but he was self-conscious and uncomfortable." I remember too well as a young man going to Kelly's studio and sorting through the racks of canvases of all sizes of George VI and Queen Elizabeth. Kelly must have maintained a small factory producing them.

A reminder of the advance in research comes too in the allusions to dendrochronology, the science of dating panel pictures by the tree ring growth. This is revolutionising the map of 16th-century painting, establishing that what we long accepted as the earliest set of royal portraits of Henry V, Henry VI and Richard III were in fact painted c.1518-23 as part of a palace decoration scheme for Henry VIII. The Edward IV turns out to be even later, dating from the 1530s.

It is equally true that vast tracks of research remains to be done. When I published *Portraits of Queen Elizabeth I* in 1963 it was the first monograph on the iconography of a British sovereign in this century. Although now dated, it has spawned no successors. The National Portrait Gallery catalogues attempt to categorise briefly the portraits of our monarchs but there are no separate studies even of Charles I or Queen Victoria. Yet we have lived through a mushrooming of art history schools up and down the country. What an indictment, of their approach and teaching that all this remains to be done!

This brings me to dress. Although we await with eagerness Janet Arnold's gargantuan study of Gloriana's wardrobe based on the mass of documents that survive, no such work has been undertaken in the modern period. The accounts in the Public Record Office could no doubt turn up payments for most of the clothes seen in these pictures but this remains to be done.

Indeed this is what is interesting about the catalogue entries compared with those which would have been written 30 years ago. Then they would have been entirely biographical and stylistic, but now the wider context of symbolism and meaning is admitted, with contributions from other new fields of knowledge such as furniture history. Costume is yet to come.

This exhibition is to me pure nostalgia because I am taken back to that boom year for kings' and queens' exhibitions, 1953, when there were three major ones — in London, Liverpool and Manchester. It is also fascinating to see so many old favourites reappear in a difference context. The Stubbs's portrait of George IV skimming along by the lakeside, or the miniature of Henry VIII are two out of many items that have figured in other exhibitions at the Queen's Gallery.

There are few more extraordinary phenomena in this day and ago than the hysteria surrounding a major royal portrait. One hundred and fifty journalists besieged the National Portrait Gallery on the occasion of the second Annigoni portrait of the Queen which engendered mass outrage at the time. A similar panic-station followed over Brian Organ's Princess Margaret, only to be eclipsed by his Princess of Wales seated before a door apparently without a handle.

These manifestations have nothing to do with art, but they are a potent index of the make-up of the average British psyche. They are vital evidence that a royal portrait is the only form of art that is capable of evoking any form of passionate response by the teeming populace. Perhaps an exhibition of kings and queens is, after all, a new form of community arts.

Offenbach/Geneva

Max Loppert

Indomitable talent and fripperies at the fun-fair

Maria Ewing

Indestructible, impossible Offenbach! Too rich in musical quality and too exhilarating in bursts of anarchic theatricality, his operettas and *opéras-bouffes* refuse to be left on the shelf for long. When, as periodically happens, they come in for the attention of international opera houses properly too large to house them, the needed light-fingered style and direct-speaking address is likely to be diminished; the result is often, if not always, a romp in which the unique blend of trenchant satire and heady abandon suffers a sad dilution. Each time it happens, one hopes lessons will be learned. They seldom are.

These thoughts are prompted most recently by the Big Christmas Show, garish-coloured, relentlessly winsome, and distractingly mobile at all ends of the proscenium arch, that the Grand Théâtre de Genève elected to make of its new production of *La Périchole*. This is one of those beautifully proportioned European theatres of medium size and easy intimacy in which Offenbach ought to come across naturally, without bedizenings. For this reason, and because the house had also the wit to engage as its principals Maria Ewing, Neil Rosenshein, and Gabriel Bacquier, a trio of incomparably accomplished Offenbachians, the kind and quantity of scenographic excess seemed a failure of nerve quite as much as of artistic judgment.

Toytown

The producer was Jérôme Savary, celebrated instigator of *Le Grand Magic Circus*, who had already achieved, according to report, much additional success as an Offenbach interpreter in Germany. In a newspaper interview and in a programme essay he allowed a note of patronising affection mixed with evident self-esteem to colour his comments on both composer and his librettists, Meilhac and Halévy, in a way that prepared one for the inadequacies of his show. "Offenbach doit pétiller," he proclaimed; but his way of catching that sparkle was not a presentation in sharpest focus of the sung and spoken word in all its enduring wit, not a simple, accurate laying down of the text so as to release the madcap high spirits of the plot, not a placing of cast and chorus on the stage so that the melodies — which in *Périchole* mix unfamiliar tenderness with characteristic brio — should purvey their pleasures without hindrance.

Instead, all was business. The designers (Michel Lebois and Michel Dussarat) had contrived a toytown Peru, like a child's pop-up theatre book; and to its ingenious devices and rainbow colourings there were at various times added falls of balloons and streamers, *entrées* of courtiers, townsfolk, and carnival fun-figures (such as the procession of human Mumm bottles in praise of drink), endless pluggings and repetitions of visual jokes. On and on the fun-fair went, often mildly amusing in its own right, always tireless in its distracting high spirits. Offenbach is essentially about and for adults — beneath the musical mockeries of Meyerbeer, *Fidelio*, and Donizetti's *La Favorite*, *La Périchole* can also disclose some uncomfortable views of the easy prostitution of the poor artist by the rich and powerful. Because Mr Savary failed to perceive and transmit the sharp, unsettling side of Offenbach the aum of his efforts ought to have been a cop-out.

Because of its principal trio, indomitable under the heaviest fire of fripperies, it was despite everything an evening of authentic Offenbach. Miss Ewing's talents extend before us like some as yet incompletely charted ocean. The charms of a face, a figure, and a warm, zesty mezzo-soprano already shown to be apt for Mozart, Rossini, Berlioz, and Strauss, were translated before our eyes and ears into a total mastery of Offenbach style. Each syllable of "Mon dieu, que les hommes sont bêtes!" had the audience in painful pangs of mirth; like all born comediennes, Miss Ewing knows how to assume the manners of both dowager duchess and ingenue (sometimes in the selfsame moment); the balloons and streamers receded from consciousness, and the fusion of verbal utterance and merry situation took absolute hold. To the pensive moments of the plot she brought a brisk, matter-of-fact pathos that was the invention of an artist of wonderful individuality. Was the Périchole of Hortense Schneider herself any better than this?

Credible

Rosenshein, a fellow American (recently admired in the Scottish Opera *Egisto*), is a performer, slim, bonny, and mercurial; his Piquillo proved wholly credible as a street-singer and lover, deftly good-humoured, an uncommonly appealing leading man who also happens to be a "real" lyric tenor. Beneath the smiling fatuousness of Bacquier's Viceroy one caught glimpses of a capricious cruelty that only served to hone the edge of his drollery. I hunger to encounter these three players in *La Belle Hélène* and *La Grande Duchesse*; by the success of this *Périchole* they have instantly formed themselves into an Offenbach repertory company. Its musical director could well be Marc Soustrot, the Geneva conductor; for despite the rather unfestive mood of the Suisse Romande Orchestra, he evinced an excellently appreciative command of the score's colour, rhythmic energy and melodic prodigality.

Arts Council re-allocates drama grants

The Arts Council has withdrawn its revenue subsidy to two theatre groups—Common Stock Theatre Company and Covent Garden Community Theatre. Both companies were warned last year that they were likely to lose their subsidies for 1983-84.

But two popular drama companies, the Actors Touring Company London and the Black Theatre Co-operative are to receive revenue subsidies for 1983-84 for the first time. Both groups had previously received subsidies for individual productions.

The Actors Touring Company London have earned a high reputation for their adaptations of literary texts and have toured throughout Britain since 1978. *The Provok'd Wife*, *The Tempest*, *Don Quixote* and *Ubu* are among their productions. ATC are currently presenting five of their productions at the Donmar Warehouse Theatre, London.

The Black Theatre Co-operative, currently working on the Channel 4 situation comedy *No Problem*, was founded in 1978 to give more opportunities to black actors, writers, directors and technicians. *Trinity* by Edgar White and *Fingers Only* by Yemi Ajibade are among their most recent productions.

ANNALENA McAFEE

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 28 – February 3

Opera and Ballet

PARIS

La Boheme conducted by Alain Lombard, produced by Gian-Carlo Menotti with Leona Mitchell and Helene Garetti alternating as Mimi with Faye Robinson in the role of Musetta. Paris Opera (7425750)

LONDON

Royal Opera, Covent Garden: Samson et Dalila, in the handsome Sydney Nolan sets, finds both Jon Vickers and Shirley Verrett uneven singers but powerfully compelling artists. In Der Rosenkavalier the mature duo of Gwyneth Jones and Yvonne Minton is joined by Yvonne Kenny's first Covent Garden Sophie. Andrew Davis makes his London opera-conducting debut.

English National Opera, Coliseum: Russian opera dominates the week-further performances of the new production of Queen of Spades and a revival (with Aage Haugland taking over the title role) of Boris Godunov in Mussorgsky's original form. Also, last appearance this season of the highly impressive Otello and a further showing of the rather wan Gounod Romeo and Juliet.

New Sadler's Wells Opera, Rosebery Avenue: The operetta company just formed continues with performance of Lehar's The Count of Luxembourg and The Mikado.

Royal Opera House, Covent Garden: The Royal Ballet in Sleeping Beauty and a triple bill of Ashton ballets.

ITALY

Rome, Opera House (06-463641): Sleeping Beauty with decor by Beni Montresor.

BRUSSELS

Théâtre Royale de la Monnaie: Charpentier's Louise conducted by Sylvian Campreling with Felicity Lott and Jerome Pruett.

Théâtre Royale des Galeries: National Polish Folklore Ballet.

VIENNA

Raimundtheater (578628): Die Gräfin Mariza - Daily except Mon.

Staatsoper (5324/2655): La Traviata, La Cenerentola, Le Nozze di Figaro. Premiere of a new production of Falstaff on Wednesday with Lorin Maazel conducting, production and sets by Filippo Sanjust, Walter Berry as Falstaff, Christa Ludwig as Mistress Quickly and Alice and Nannetta sung respectively by Pilar Lorengar and Patricia Wise.

Volksoper (5324/2657): Der Vogelhändler, Kiss Me Kate, Der Kuhreigen, Der Fremdenführer, Die Feenkönigin.

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): La Bohème conducted by James Levine and staged by Franco Zeffirelli also Les Contes d'Hoffmann, and Boris Godunov (580 9830)

New York City Ballet (New York State Theater, Lincoln Center): The mixed repertory includes works by Jerome Robbins, Peter Martins and company head George Balanchine. (870 5570)

Don Quixote (Uris): Rudolf Nureyev who staged and choreographed this full length Boston Ballet production, will dance the role of Basilio opposite three ballerinas sharing the role of Kitri: Eva Evdokimova, Laura Young and Marie-Christine Mouis. Nicholas Georgiadis designed the scenery and costumes in the style of the cartoons and paintings of Goya. Patrick Flynn conducts the Symphony Orchestra in John Lanchbery's arrangement of the Minkus score. The final matinee scheduled for February 6th will be the production's 100th performance since its 1982 premiere. (586 6510)

WASHINGTON

Washington Opera (Terrace Theater, Kennedy Center): Andrew Porter's new translation of The Abduction from the Seraglio and an evening of Trial by Jury, with the D'Oyly Carte's John Reed as the judge, and M. Choufleuri. (254 3670)

WEST GERMANY

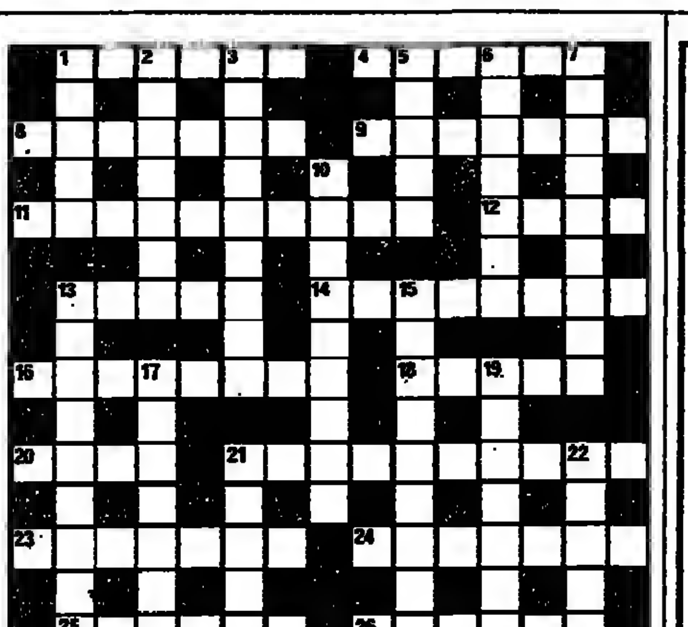
Berlin, Deutsche Oper: Hans Neuenfels, producer of Die Macht des Schicksals, caused a scandal by sending acolytes onto the stage in tanks. However, singers Julia Varady and Giorgio Merighi were well received. Further performances are Madame Butterfly and The Magic Flute with Sylvia Greenberg as Queen of the Night. (34 381)

Hamburg Staatsoper: Johann Christian Bach's Amadis – which the Germans rediscovered after 200 years – is produced by Marco Arturo Marelli, conducted by Helmut Rilling and features Helen Donath and Doris Soffel and Eberhard Büchner. Lohengrin brings together Siegfried Jerusalem in the title role and Eva Randova. Otello has Franco Bonisolli, Piero Cappuccilli and Eva Martoo in main parts. The Magic Flute rounds off the programme. (35 1151)

Frankfurt Oper: Carmen, conducted by the talented young American conductor Judith Somogi has Gail Gilmore making her debut in the title role. La Traviata has Eugenia Moldeveanu excelling in the title role. Bernd Alois Zimmermann's rarely-played Die Soldaten gained much applause for Walter Raffeiner as Stolzius. Also this week The Magic Flute finely interpreted by Elfie Hobarth and Manfred Schenk. Duaja Vejzovic triumphs in the title role of Gluck's Alkestis. Janacek's Die Sache Makropulos has Anja Silja as Emilia Marty. (25 621)

Munich, Bayerische Staatsoper: The week starts with The Magic Flute followed by Wozzek produced by Dieter Dorn, with Bodo Brinkmann in the title role and Gisela Schroeter as Marie. Die Hochzeit des Figaro has Hermann Prey and Lucia Popp. Die Fledermaus is a fresh and delightful revival with Bernd Weikl and Daphne Evangelatos. Hänsel und Gretel rounds off the programme.

F.T. CROSSWORD PUZZLE No. 5,086



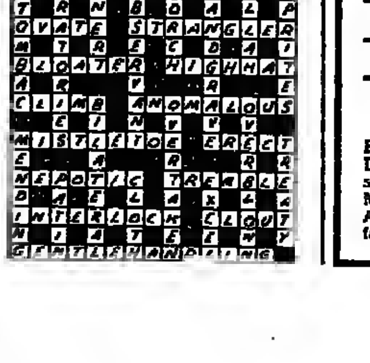
ACROSS

1 Load the price (6)
4 Water in Germany upset swimmer (6)
8 Cornish consumer wear (7)
9 Curtail a game (7)
11 Rough round Samoa passing from sea to river (10)
12 Such as Pope Joan, courageous (4)
13 Ghanaian people join supporter at half-time (5)
14 Sounds smart little French bag (8)
16 Midday—upper class people go in for something unknown (8)
18 These days it's fast (5)
20 Prison heads still treat inmates roughly (4)
21 Tarnished material does polish (10)
23 One in conspicuous case (7)
24 On publication, leader of insurrection disappears (7)
25 Show five into a German church (6)
26 Please order wood (6)

DOWN

1 He tries to get in lodge—makes company pale (5)
2 Where an evil fellow may end up? (7)
3 Telescope for little boy or Scotsman (9)
5 Puzzle about public transport (5)
6 Hair style suitable for the beach? (7)
7 Instrument of industry (9)
10 Way on board to meet a friend (9)
13 One's first reading? (5-4)
15 Surprisingly, dry places have a water-clock (9)
17 Drink discovered in one vehicle overturned (9)
19 Stiff hair comprising brown fibre (7)
21 One hundred supporting issue—could be a boom (5)
22 Partly expected Open University to reject poetry (5)

Solution to Puzzle No. 5,085



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Tuesday February 1 1983

Chilean model under strain

JANUARY was not a good month for the Chilean economy. Twelve companies belonging to two of Chile's most powerful financial and industrial conglomerates, Cruzat-Larrain and BHC, collapsed. With international reserves dwindling fast the government of General Pinochet was obliged to go to the International Monetary Fund for a credit of $882m (£580m), and over the weekend the government had to go to its international creditors to seek a rescheduling of public and private sector debt. All these developments have raised questions about the market orientated model of economic development adopted by the General when he came to power in September 1973.

In a recent speech Sir Rolf Lüders, the minister of economy and finance, made a spirited defence of the achievements of the government over the years. The Chilean economy, he said, had grown by about 26 per cent between 1973 and 1980 while the rate of inflation which had been very high during the last year of the rule of Dr Salvador Allende had by 1980 been brought down to 31.2 per cent. Foreign reserves grew to $4bn and for several years there was a budget surplus. "Free enterprise availability of resources together with fiscal discipline," he concluded, "allowed the chosen scheme to originate rapid and stable economic expansion."

Expansion

At the same time Sir Lüders was too honest to draw a veil over one great shortcoming in the generally orthodox policies adopted by his predecessors in office. While tariffs were reduced, exchange movements freed, and monetary controls dismantled, the international parity of the peso was maintained at an artificially high level.

While foreign bankers were keen to get Pinochet's Chile back into their portfolios, Chilean borrowers were avid to get their hands on foreign loans which could be serviced at the advantageous rate of exchange. "Expansion at such a rate could not last long, for the country could not have generated the resources to serve the resulting debt," commented Sr Lüders with the wisdom of hindsight.

Chile's domestic crisis dates in great part from last year when the unrealistically high rate of exchange for the peso was at last relinquished because lending was affected by worries over Chilean indebtedness, and Latin American debt in general. The U.S. dollar soared from 39 pesos to a price of 74 pesos. Those companies who had taken money from foreign lenders at the first rate were hard pressed to service it at the second rate. The difficulties of the commercial and manufacturing sectors have now rebounded onto the banks and finance companies many of which are in dire straits.

These difficulties were compounded by the problems of Chile's major industry and export earner, copper mining. In real terms the international price of copper is no higher today than it was a decade and a half ago. Chile's export earning power has proved incapable of meeting the revalued commitments represented by a foreign debt which today approaches $17bn.

Question

For foreign bankers the Chilean problem is aggravated by the fact that two-thirds of the foreign debt is owed by the private sector. The Chilean Government, however meaningful its nods and winks to lenders have been in the past, has inadequate reserves and no wish to take upon itself the repayment of the outstanding amounts.

A question must arise about how the international lending agencies failed to prompt Chile to correct the official value of a currency which bore so little relation to its real worth. Foreign banks must be holding their own post mortem on how they came to commit so much money to such a frail vessel.

No one will quarrel with Sr Luders when he says that the Chilean economic strategy will now have to undergo major reforms before it can look forward again to a period of growth.

Sr Luders argues that the financial strains now affecting the Chilean economy can be corrected through appropriate monetary and fiscal measures and that the country will continue to rely upon free markets and an open trading policy. The Chilean model of economic development, so different from the inward looking and dirigiste policies of many developing countries, has been damaged by the financial crisis. The principles behind the Chilean Government's approach remain sound but the government must now deal with the consequence of a lack of financial discipline which flawed their implementation.

Wanted: tax radicalism

IN A statement of his philosophy in the current issue of the Journal of Economic Affairs, Sir Geoffrey Howe, the Chancellor, makes it clear that, in the cause of tax reform, he will continue to hasten slowly. "We have to continue to combine boldness in analysis with caution in implementation," he remarks—a slogan so much in character that it clearly reflects deep convictions.

Sir Geoffrey does provide at least one half of an agenda for bold analysis by asking some pertinent questions in his essay. Would it be appropriate to reform and reduce personal and corporate tax allowances? Does it make sense to provide tax reliefs for institutional saving, but to apply a supplementary tax to the income from non-contractual saving? What can be done about the poverty trap?

Fiscal crisis

However, these are likely to remain rhetorical questions unless some strong reasons are given for raising them. There are two. First, the country faces a fiscal crisis, and will be wrestling with it well within the term of office of the next government, of which Sir Geoffrey no doubt hopes to be a member.

This is the consequence of two brute facts: the age structure of the population, which will impose a strongly rising burden of provision for the old; and the fact that North Sea oil revenue is already near its peak, and could melt away rather rapidly if the oil market continues weak. The combined effect creates a potentially large fiscal gap: failing radical measures, Sir Geoffrey might find himself forced to raise again both the taxes he has cut and those he has increased.

It is true that this awkward practical strain might be avoided should an unexpectedly strong economic recovery arrive, like the U.S. Calvalry, in time to save the situation. But it would hardly be prudent to base a fiscal strategy on such a hope; unfulfilled hopes of growth, as Sir Geoffrey argues, have been the bane of British policy for decades. In any case, there is also a strong philosophical case in Sir Geoffrey's own terms of liberal market economics for a radical attack on the system. The present one produces gross economic distortions, and is one cause of unemployment.

There are three fundamental items which ought to appear on a radical agenda: Sir Geoffrey raises one, hints at the second, and ignores the third. The first is the combined question of personal tax allowances and the poverty trap. Allowances cannot benefit those whose incomes are too low to absorb them, and give the biggest benefit to those with the highest marginal tax rate. Taxable cash benefits, such as the child allowance, have just the opposite effect on income distribution without demanding higher marginal tax rates.

The second is the treatment of capital investment. Corporate capital formation is more generously treated in this country than in any other. The effect is to offer productive equipment at half price (or almost free in development areas). This is financed partly by taxing exployment, and partly by taxing consumption. The net effect, in pure theory, should be to depress the growth of the market, while encouraging employers to substitute machinery for labour. Experience suggests that the theory is right.

House prices

The third is the tax treatment of housing. This subsidy to purchase, as we have often pointed out, is expensive in revenue, yet seems to have much more effect on house prices than on the supply of housing. It is, incidentally, one of the few topics on which economists of every political persuasion agree — as Sir Geoffrey will have learned from Professor Beenstock's remarks about his paper, published in the same journal.

We do not expect Sir Geoffrey to tackle any of these contentious subjects on March 15; but the news that he had ordered a study of even one of them would be most encouraging.

Unemployment in Europe

Concluding a four-part series

New jobs... easier said than done

Ian Hargreaves reports on job creation in Europe

THE HISTORY of attempts to create new jobs in Europe since 1974 is a tangled and rapidly changing thicket of various approaches.

In a country like Sweden, with a relatively stable political and social climate, there is a good deal more coherence than in, say, Britain, where new schemes come and go almost as rapidly as the weather changes.

Whether the systematic Swedes have done better than the restless British or the more modest Germans is part of a debate which clearly cannot be confined to the subject of job creation.

Other questions to arise are these: what are the practical limits to this type of selective intervention? And to what extent is it part of a considered and valid response to structural change rather than a mere palliative?

Direct job creation in the form of make-work schemes is the simplest and the most widely applied type of measure because it is the only guaranteed way of making sure that money spent actually creates jobs for the hardest to employ—those who have been out of work for a long time or suffer some other handicap on top of lack of skills.

In several countries the term "disabled" is applied to this entire group. The type of work offered is mainly of the environmental wash-and-brush-up variety, organised predominantly by local authorities and voluntary organisations, such as churches.

Such schemes are attractive to governments because they tend to have quite low net cost, since older long-term unemployed people are often receiving very high benefits when out of work. The German Federal Labour Institute argues vigorously that its relief work scheme actually results in a net inflow to the exchequer, but because of the peculiarities of the financial arrangements for these things in Germany—the job creation budget comes out of the unemployment insurance fund, so as unemployment rises there is less money available—the number of places available has fallen from over 50,000 in 1975 to under 35,000 this year, at a time at which the need for them has increased.

An OECD study of make-work schemes in five countries, however, suggested that net costs after benefit and tax flow-backs amounted to between 35 and 60 per cent of gross costs, figures which are roughly in line with British experience.

But it has been the belief that these schemes are little more than palliatives which has led several countries—France is a good example in its latest round of measures—to try to insist that the schemes it finances for the long-term unemployed also involve genuine training.

Of all the problems created by mass unemployment, this question of how to deal with the long-term unemployed—of whom there are 4.5m in the EEC alone—is the most serious.

Experience in several countries suggests that private sector employers, who everyone agrees should be centrally involved in the training process, show strong resistance to taking on these people even when offered very large financial incentives.

The Germans had to offer to pay 80 per cent of salaries to get one scheme off the ground and the Danish Government, which had promised a job to anyone out of work for over two-and-a-half years, then found that the 75 per cent wage subsidy was not enough to persuade the private sector to get involved and ended up employing most of the people itself.

France is backing up its effort with a commitment by its employment agencies to re-interview every long-term unemployed person in the country in an effort to provide something—whether a subsidised employment contract or training—relying very much on local political pressures and institutional structures to make it work on the ground.

By contrast, Britain has cut its employment service and mobility grants and under the Thatcher Government has displayed an uneasy attitude to the whole concept of job creation.

It began by scrapping the main direct job creation scheme (Step) it inherited, as well as greatly reducing the scale of regional industrial aid. Since then, the worsening unemployment figures have forced the Government to finance new schemes, but not without insisting that the terms reflect its general desire to ratchet down wages, raising the suspicion in some quarters that its ultimate objective for the unemployed is a Reagan-style "workfare" approach, which means participants in effect working for their welfare benefits.

How much further direct job creation can now be taken in Europe is open to question, but the German Federal Labour Institute believes its programme could be doubled without difficulty. The Swedes, with easily the largest relief work network, have close to 1 per cent of their workforce in such projects, compared with just over half a per cent envisaged in the latest British plan.

In the U.S., it has been suggested, grandiosely, that a 1930s style public works programme is needed, but Congress estimated the cost at $12bn for a million jobs. In any case, President Reagan, who scrapped CETA, the U.S.'s 1973 employment-training vehicle so vigorously used in President Carter's urban policy in favour of locally run Private Industry Councils in the control of the private sector, is hardly likely to countenance such a turn of events.

One possible avenue for development however, is to try to find ways of helping the unemployed to turn their community work schemes into autonomous businesses, although in most countries this idea raises union and employer hackles about subsidised competition and often also requires a degree of flexibility which Government bureaucracies lack.

Nonetheless, France, Belgium and Britain have all recently introduced modest schemes to supply business start-up funds rather than unemployment benefit to the unemployed.

It has to be accepted that there are no miracle cures or zero-cost solutions

This line of policy thinking crosses over, rather obviously, into the world of policies for small business, which have been undertaken with an electric vigour throughout Europe since it became clear that over 80 per cent of the jobs created in the 1970s employment boom in the U.S. were in companies employing fewer than 500 people.

Tax credits, special loan deals and advisory services have proliferated averywhere, but not fast enough to create more businesses than a sick economy is killing off at the same time.

Selective reflation is also in theory an attractive possibility. The problem is that for governments to create low-skilled jobs on a large scale in the real economy, they would have to stimulate labour-intensive sectors like construction, local government, tourism and health care, whose budget which are under extreme pressure in the opposite direction.

The trick would be to find a way of pumping money into jobs in these sectors without it undermining public spending discipline and to target it regionally to areas most in need. There is no practical experience which suggests this to be possible, although the House of Lords report on unemployment proposed a system of earmarked grants, rather like urban aid grants, which it argued could buy 300,000 jobs at a cost of £2.25bn a year.

The biggest claims of all are made for labour subsidies. The theory is that rather than cut business taxes across the board, it is better to concentrate resources by subsidising the price of labour in a targetted area. This, it is argued, would provide more jobs for a lower rate of inflation.

In practice, labour subsidies have been attempted in numerous forms in the past ten years with their terms and focus shifted to deal with the perceived priority of the moment. In the late 1970s there was a spate of youth employment subsidies (discussed in an earlier article in this series), of temporary employment subsidies designed to slow down the pace of redundancies and of subsidies to help groups like migrants or the handicapped.

Although many of these measures continue on a considerable scale — both Germany and Britain have large programmes — it is true that they are essentially policies designed to ease industry through a cycle and that they lose their purpose in the kind of structural upheaval we are now suffering. The British short time working subsidy, for example, has really just become a rather crude way of subsidising parts of industry, chiefly textiles.

But that does not daunt the theorists, who continue to advance the case for subsidies payable to firms which increase their labour force — so called marginal employment subsidies.

One of the best known of these schemes is that proposed by Professor Richard Layard of the London School of Economics and since adopted by the policy formulators of the Social Democratic Party.

Its central idea is to pay £70 a week for a year per extra person recruited by any firm, with the added kicker that the recruits must all have been on the unemployment register for at least six months—thus attempting to deal head-on with the toughest element of the problem. As a second tier, Prof Layard would supply a relief work scheme to enable the Government to offer a guarentee of something to all the long-term unemployed.

There are many obvious theoretical risks in this kind of plan — that most of the subsidy would be taken by employers who would have recruited the same people anyway and that therefore it is wastefully expensive being the main one — but it is true that although small-scale marginal subsidies have been tried in Britain, Germany and Sweden, none has ever been tried on a large scale.

"I do not think we can know whether this will work until some country has the courage to try it; it would need a certain critical mass to be effective," says Gunther Schmid of the Berlin management institute.

Indeed, the same comment can be made of most countries' efforts in the entire field of anti-unemployment measures — to be effective they need internal coherence, scale and to be part of a more generally expansive economic policy. In this scheme of things a pay policy may also be necessary.

That, in the end, is why a government like Britain's, although spending over £2bn a year on special employment measures, is doing so with a fundamental lack of conviction—indeed it could be said, in a spirit of fundamental self-contradiction.

Sweden's more elaborate labour market policy had its roots in the Labour mobility grants and the concept of a managed labour market which emerged from the trade union movement in the early 1950s and reached a spending peak in 1977, when the state spent SKr 12bn, at current prices, or 4 per cent of its GNP on labour measures. Although there was an interruption in this growth when Mr Olof Palme and the Socialists lost power, the upward trend will resume again this year.

Currently, Sweden has more people enrolled in special measures (146,000) than it has on the unemployment register (127,000). Its unemployment rate, of 3 per cent, is one of the lowest in the developed world, although without the measures it would be over 6 per cent. Moreover, the unemployment rate has been maintained at that low level in spite of a steadily rising labour force.

Only since 1981 has Swedish employment started to fall, although as a recent study* pointed out, the growth in jobs can be almost entirely explained by a rapid increase in the number of part-time openings.

This same study also produces evidence to rebut the charge that Sweden has suffered either excessive wage drift or reduced labour market mobility as a result of its policies. But it does not attempt to explain why Swedish inflation — in part, presumably, a function of its swollen public sector debt — has been relatively high, by OECD standards in the last ten years. An earlier study also suggested that in terms of value for money, Swedish policy, which in 1977 cost 1 per cent of GNP, for a 1.3 per cent cut in the unemployment rate, compared badly with a German effect of 2.7 per cent.

It may be that this type of policy simply reached its limits in 1977, in which case this is a useful danger signal indicator for other countries.

It has also to be accepted that unlike policies to reduce the supply of labour, such as shorter hours or early retirement, most elements of job creation policy (small business is a possible exception) possess no social or economic logic in their own right and are unlikely in most countries to do more than influence events at the margin in response to a crisis. There are no miracle cures and no zero-cost solutions.

In the long run, it may also be true, as some of the more radical voices are now saying, that the over-anxious quest for more jobs at any price is historically defunct and that we should be seeking, primarily, to redefine work and leisure in a new type of society. But even if that is so, a bridge would have to be built to that society constructed out of something firmer and more humane than a policy of state-supported idleness for a very large slice of the population.

Estimates are hard to make, but without its Heath-Robinson contraption of deals and schemes the EEC might well today have an extra 4m to 5m people in its collective dole queue. That may not represent a solution, but it is a contribution.

* Swedish Labour Market Policy by Jan Johannesson; IIM, Platz der Luftbrücke 1—3; 1000 Berlin 42

Previous articles in this series were in the FT of January 7, January 17 and January 24.

Men & Matters

Heavenly fees

It calls for patience of a high order to plan a business round an event that takes place once every 76 years.

But showing himself a man of mettle Brian Harpur, a director of Associated Newspapers, intends to merchandise Halley's Comet as it makes its next approach to Earth in 1986.

With astronomical foresight Harpur (who is also credited with dreaming up the great Daily Mail transatlantic air race seven years ago) has registered the Halley Comet company and a special comet logo.

Companies wishing to make Halley's Comet souvenirs and other products linked to the event can, of course, have the benefit of the logo for a fee.

"We would hope to make a large donation to charity," says Harpur. But he adds that he wouldn't mind if there is a little left over to help towards his retirement.

His interest in Halley's Comet began 58 years ago in Ireland, when as a seven-year-old — just 11 years after the comet's last visitation — he read a book called the Story of the Heavens. It arrived in the house by accident. His father, a Church of Ireland minister, used to buy books of a religious nature to help with his sermon. On that occasion he chose the wrong heavens.

Harpur has already gathered about him a like-minded set of comet people. The Halley's Comet Society, a profound scientific body all its members agree, meets once a year in venues like Lord's Pavilion and the Greenwich Observatory to hear a progress report on the comet from astronomer Patrick Moore — and to drink champagne. Shooting stars in this august assembly include Lady Falkender, Eamonn Andrews, and Sir Harold Wilson.

". . . No rules, no committees, no organisation," explains Harpur. The only obligation is to pronounce Halley the way he believes it was pronounced originally—Hawley.

Until now membership of the society has been the price of a tie—or a medallion for women.

But with a keen eye to the commercial possibilities, Harpur intends to capitalise on the appearance of his favourite comet by charging £16 for a five years' membership.

That package deal will cover members in the unlikely event of the comet being a couple of years late.

Short cuts

With a stop-gap Government, no 1983 budget and strike fever hotter than ever, all is confusion in Portugal.

Even the Teatro Nacional de Sao Carlos, the state-run opera house which has known nothing more controversial than a quavering coloratura, has not been immune.

Mimicking Lisbon's transport workers who keep coming to a halt over pay, the musicians' union at the Sao Carlos struck for a 22 per cent wage claim at a matinee of The Barber of Seville.

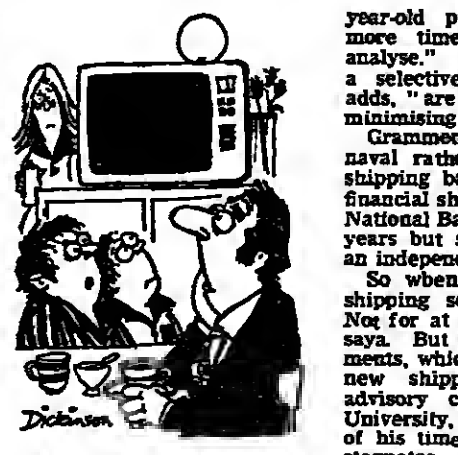
Since the curtains had fortunately been left open after a previous performance, the show went on, in the tradition of the business, for a packed house.

There were a few problems: No Sao Carlos orchestra, for a start. But one was borrowed from the national radio network and not too many sour notes ensued.

No chorus—leaving a vocal gap or two which the principals valiantly, but sometimes vainly, tried to sing over.

No Fiorello, the singing servant who should open the first act but didn't. The orchestra first accompanied the invisible servant and then a bemused Spanish tenor Mario Rodrigues sang half a duet with him.

No stage lighting. The electricians struck in sympathy and hid the computerised lighting plot.



"I have switched on to TVam —that's a commercial break!"

No scenery changes. The cast scattered some furniture around the stage and when things got riotous broke a chair leg or two.

There were no curtains for curtain-calls, of course. And a few boos from those who wanted their Barber with its full complement of singing soldiers and peasants, not six mute, be-costumed and bewildered by-standers.

But in the end, most of the audience were on their feet saluting a triumph of ingenuity with stomping, shriaks and whistles.

Ships' course

With shipping markets blighted by the recession, now might not seem the most propitious of times to introduce Europe's first university degree course in shipping finance.

But Costas Grammenos, who is doing just that for the City University Business School in London, reckons the timing is exactly right. When times are hard, he argues, shipowners and bankers need to be on their toes.

"In a recession," says the 39-year-old professor, "there is more time to think and to analyse." Credit analysis and a selective credit policy, he adds, "are invaluable tools for minimising risks."

Grammenos comes from a naval rather than a merchant shipping background. He was financial shipping adviser to the National Bank of Greece for two years but since 1974 has been an independent consultant.

So when does he think the shipping scene will brighten? Not for at least six months, he says. But his London commitments, which include forming a new shipping research and advisory centre at the City University, will take up much of his time while the industry stagnates.

Save the mark

"We make millionaires," proclaims the West German state lottery NKL—and its adverts, addressed to foreigners who like a flutter, clearly shows how.

For if your lottery ticket (price £186 but available in half or quarter shares) wins one of the weekly prizes of up to DM 1m, the organisation will ensure that no awkward taxmen or exchange regulations interfere with your enjoyment of the prize.

"Every winner is notified straight away, discreetly and personally," says the advert.

"Then your win is paid out discreetly, and with the guarantee of the game's secret, into any account you wish in Germany or abroad. Or cash in the hand. Free of income tax, of course, without any deduction."

Pronouncement

"I come from Llwyngril," someone has written on a poster at London's Paddington Station. To which another hand has added: "That's more than most of us can say."

Observer

Letters to the Editor

The increase in fees charged to students from overseas

From Mr S. Harcourt.

Sir,—I should like to comment on the letter which appeared on January 28 in regard to the increase in fees charged to students from overseas.

As a taxpayer, I am pleased to see that the Government tries to match its spending to its income. Neither the Government nor individual taxpayers benefit directly from subsidised fees for such students. The direct beneficiaries are the teaching institutions and businesses. If this is accepted, then critics should attempt to persuade institutions and businesses to take measures to attract more students from overseas.

Recent experience in working in a university io a developing country has shown that the students who are chosen to study overseas are postgraduates in their own country. They are encouraged by advisory staff to choose the best course available, wherever it is to be found. Most students choose to study in the U.S. for this reason. U.S. colleges usually, too, offer a greater degree of flexibility in the planning of programmes than in other countries. This is much appreciated.

When it comes to fees, funda are normally made available tn universities, often in the form of overseas aid. The relative cost, as between countries, is not really important. Only in the case of privately sponsored students may this be an important considerstion.

It is suggested, in view of the above, that if it is vilally important that overseas students should be encouraged to study here in greater numbers then three courses of action be proposed: that teaching institutions put their own house in order; that more schnlarships be awarded by businesses to deserving students from third world countries; and that the Governmenl reduces its level of "developmental" aid and increases aid tied to higher education.

S. V. Harcourt.
9a Keswick Road, Orpington, Kent.

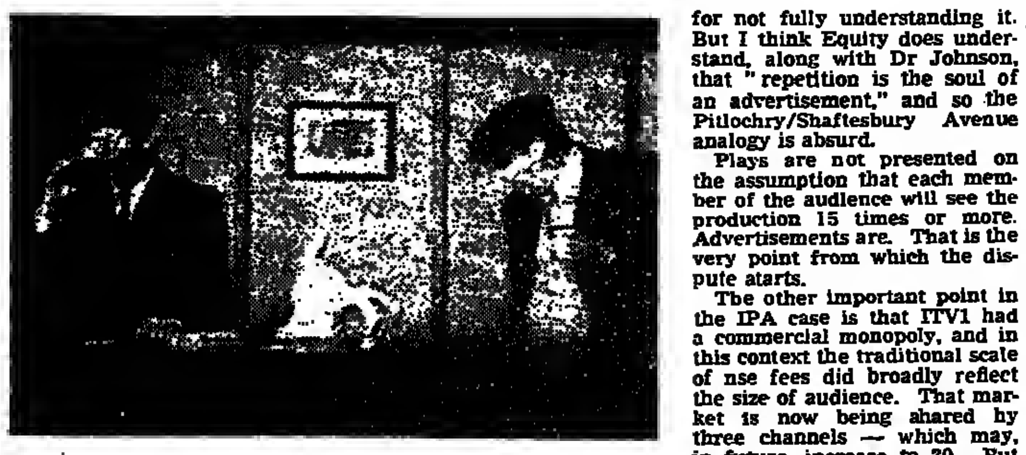
Shaftesbury Avenue or Pitlochry—actors' pay demands

From the President, Institute of Practitioners in Advertising

Sir, — Mr Frank Brown (January 26) does not accept that there is any relationship between artistes' pay and the size of the eudience which views their perfurmance, whether in the live theatre or in TV.

He concedes that there is e difference in pay between an audience in Pitlochry and Shaftesbury Avenue but asserta there is no variation in pay in either for a packed-out house in contrast to one half full. It is muddled thinking of this sort which has so unduly protracted the chances of a sensible agreement between advertisers and their agencies and the union Equity over realistic fees for the two new independent TV services, Channel Four and TV-am. Whether in Pitlochry or Shaftesbury Avenue theatres, actors playing to half empty houses end their runs and so their earnings rather sooner than those playing to full. So, even in the live theatre there is a direct relationship between audiences and artiste earnings.

In TV the new services are Pitlochry to ITV1'a Shaftesbury Avenue. Consequently fees need to be related to the relative andience of viewers if advertisers, whn are the "angels" of the whole independent TV output of this country, are to back performances and employ artistes.


John Smith's (TV) jumping dog

Artistes are not making a contribution from their own pockets as Mr Brown claims. On the contrary, they have new opportunities for extra earnings from the extension of ITV. Indeed the majority of commercials which will eventually appear on Channel Four, will be the same as those appearing on ITV1, and in this sense actors will be in the unique position of being appropriately paid for simultaneous performances in both Pitlochry and Shaftesbury Avenue!

Unfortunately the fees demanded by Equity have been so far out of proportion to commercial reality that few artistes appear in advertisements on the new services.

For the record, I have nothing against Pitlochry and nor have advertisers and their agencies. We just wish that Equity didn't think it was Shaftesbury Avenue.

C. J. Hawes,
44 Belgrave Square, SW1.

From the Chairman, Everetts

Sir,—The Institute of Practitioners in Advertising — Equity dispute is somewhat complicated, so Mr Frank Brown (January 26) can be forgiven for not fully understanding it. But I think Equity does understand, along with Dr Johnson, that "repetition is the soul of an advertisement," and so the Pitlochry/Shaftesbury Avenue analogy is absurd.

Plays are not presented on the assumption that each member of the audience will see the production 15 times or more. Advertisements are. That is the very point from which the dispute atarts.

The other important point in the IPA case is that ITV1 had a commercial monopoly, and in this context the traditional scale of nse fees did broadly reflect the size of audience. That market is now being ahared hy three channels — which may, in future, increase to 30. But tbe total audience size, and to a considerable extent the total advertising budget, does not have that sort of elasticity.

Whether Mr Brown believes it or not, actors' use fees have become a very significant part *of an advertiser's* variable costs, and already far fewer actors are being used in commercials, with a detrimental effect both on the quality of our TV advertising and on the employment prospects of those in what be so justly describes aa a "casualised employment industry."

Charles Plonviez.
Everetts.
New London House, 172, Drury Lane, WC2

Assembled in Britain—why not fly the Union flag?

From Mr A. Sayle

Sir,—May I endorse Mr Hancock's remarks (January 27) and give a further example of the problems faced by those nf us who wish to buy British.

I attended a recent computer show in Birmingham and decided to look fnr "British" made products. It is a disgrace to find that most of those vendors who claim their personal computer to be "all British," or "British made" etc have little right to make such assertions. On asking "Which components are British?" one is commonly told "The disk drives are Japanese; the keyboard is German; the chips are American" and so on. In one case, not even the paint on the cabinet was British! When pressed, some vendors stated "But it was designed in Britain." I fall to understand what new, radical innovations can be claimed by a designer who merely cobbles together components that are designed by someone else; the limitations on performance have been determined elsewbere. In the case of nne vendor, who stated his product to be a "British design," the design engineer turned out to be an American.

Perhaps there is a case to answer under the Trade Descriptions Act? I do belleve, however, that in line with Mr Hancock's thoughts, one would not object to a label "Assembled in Britain" being sanctioned; however, a minimum of 75 per eent cost of component manufacture seems a reasonable basis for claiming "Made in Britain."

Allan J. Sayle.
28, Forest End, Fleet, Hants.

From Mr J. Rees

Sir,—To enable the "Britishness" of any product to be immediately apparent, why not institute a system of small Union flag stickers to be applled as follows:—1. UK assembly and test; 2. Assembly and test plus 75 per cent parts manufacture by value; and 3. In addition British deslgn.

Such a system would also provide a positive stimulus to manufacturers to take steps maximising the number of Union flags on their products.

J. A. J. Rees.
7 Hollies Close, Newton Solney, Burton-on-Trent, Staffordshire.

The ballot and the future of chartered engineers

From The Chairman, The Engineering Council

Sir,—The Council nf Engineering Institutions (CEI) agreed at its November board meeting to hand over the register of engineers and the granting nf the CEng title to the Engineering Council. This decision now requires confirmation by formal vote of chartered engineers, and tn this end, postal ballot papers were despatched in mid-December to all chartered engineers with a closing date of February 7.

The major issue raised et open meetings which the CEI has been holding has been self regulation. I have great sympathy for this very proper *concern for the well-being of* the profession. In the discussions which my colleagues in the Engineering Council have held with the CEI, this question has been discussed at some length and the development of the appropriate safeguards continues.

The main point of contention is that the members of the Engineering Council will be appointed by the Secretary of State for Industry for the first three years, and thereafter hy the council from those proposed by industry, the profession, academia and nther bodies. It is argued that engineering would thereby be the only profession which does not have elected members on the controlling council.

The Engineering Council has a wide national role to be the engine for change—to encourage and improve the whole performance nf British industry and commerce. To thia end, the council must be concerned with and representative of the engineering chartered institutions, industry and academia.

The Royal Charter of the Engineering Council specifies that the chairman and at least two-thirds of the members of the council shall be chartered engineers; whether or not themselves engineers, at least one-half of the members shall have experience as employers nr as managers of practising engineers and of engineering technicians: further that the chairman and other members shall at all times together provide a reasonable halance among those having experience and knowledge of the major areas of industry, the significant engineering disciplines and their respective learned societies and those concerned with the education and training of individuals aspiring to be registered.

The Engineering Council bas decided to establish an engineering assembly. The members *of the assembly will be elected* by chartered engineers and non-chartered engineera in the *ratio* of 2:1 on a regional constituency hasis: this, to reinforce and represent the professional institutions' regional activities. It will meet at least once each year in private and may issue a Press statement after the meeting if thought desirable. The chairman, council members, tbe director-general and senior staff will attend. The Engineering Council will present its annual report to the assembly. The director-general will he required to comment at the subsequent meeting on any proposals put to the councll from the assembly and to explain whether or not they have been accepted. It is expected that the proposals and discussion at the engioeering assembly will be a key channel of communication between the engineering council and the engineers in the profession.

I would urge all *chartered* engineers to vote — and look forward to a high response — thus demonstrating their deeply felt interest and concern for the profession.

(Sir) Kenneth Corfield.
190 Strand, WC2.

The concern of the Broad Left

From the Honorary President Bnnking Insurance ond Finance Union

Sir,—The members of my uninn will be greatly interested to learn of the concern of the Broad Left that the general secretary should not be our nominee fnr the seat now available to this union on the TUC'a general council (Brian Groom, January 21).

I think the members will, however, be more concerned that such an organisation as the Broad Left, exists, as no authority has been sought from the NEC, nor has the union's annual conference, given its blessing to the formation of any such body.

It therefore seems a little presumptuous for a body that has never been formally set up, has no official standing, is not accountable in any way to anybody to concern itself over much with representation and accountability.

If they can spare the time from formulating a policy whereby the union's officials are subject to annual election, rather than appointment, perhaps they could persuade a legitimate branch of the union to put down a motion that first of all seeks to end our non-political status and secondly seeks approval for the setting up of such a body as the Broad Left within the union's democratic structure.

No doubt before putting down such a motion they will reflect on the relevance nf their concern with political alignment and affiliation in the face of a microtechnology revolution that could well threaten the job security of everyone in the finance industry.

Ken Pooler.
Sheffield House, 17 Hillside, Wimbledon, SW19

Broad Street closure

From Mr W. Eyres

Sir,—Your report (January 27) on the decision of the Secretary of State for Transport tn close Broad Street station did not mention that this was contrary to the main recommendation of the Transport Users Consultative Committee for London.

The Committee, after its enquiry last year, concluded that if Broad Street station was closed and a temporary and less accessible terminus at Wnrship Street substituted, hardship would arise for the majority of the present users, as it would also through the loss of the Broad Street/Liverpool Street stations' interchange, particularly fnr elderly or handlcapped passengers.

The Secretary of State's announcement should at least have said why sucb conclusions were set aside. As it is, the enquiry seems to have been largely a waste of everyone's time.

W. R. Eyres.
27, Grove Terrace, NW5.

Discussing a Green Paper

From the President, Bootle Taxes, Inland Revenue Staff Federntion

Sir,—I mnst admit to some problems in following the erguments put by David Willis (Tebbit'a attack on the unions, January 20).

He seems to suggeat that a moderate union is letting the members down by organiaing secret elections/ballots. Are these the parts of the Green Paper to which he objects?

Is it not reasonable for members to have a say in the way the union is to be run? Are the only opinions worth consideration to be found on the Left? May I remind Mr Willis, and all like minded union officials, the Green Paper is a discussion document; might it not be an idea for them to come forward and discuss?

One thing I would ask is that members read the document first, and in full. The digests of the Left sre rarely based on fact.

I would be delighted if someone would tell me what is so wrong with the secret ballot. Where is the problem in unions representing the views of their members; why should they not be asked for their opinions before members are told to take part in industrial action?

As a member, and official, of the same union as Mr Willis I too look after all of the membership. That is my job. Unlike the so-called Broad Left, however, I listen to them all in polite silence as they put their points of view. How often are the moderates abused both verbally and physically, as they try to make themselves beard? What makes the Left so certain that they alone have the right to speak?

The trade nnion movement exists not to bring forward revolution but to look after the welfare of the membership. Is it not time for the movement to get back to hasics?

Kenneth d. Still.
(National Chairman, Civil Service Group, Conservative Trade Unionists).
65, Holsoll Road, Southport, Merseyside.

The proprietors of industry

From Mr M. Noar

Sir,—Your leading article of January 28 suggests that the pension funds should do more to adjust to their new role as proprietors of much of industry. Surely the more fundamental question is whether they should have that role in the first place.

The political and economic dangers of concentrating so much of the nation's capital in so few hands are becoming increasingly obvious. The excessive growth of the pension funds has not been due to genuine market success but rather to tax subsidy and the compulsory character of most occupational schemes.

This is just one of many distortions to our economic life which some of us hoped a Thatcher Government would sweep away.

M. D. Noar.
Mill House, Hollingbourne, Kent.

The Kuwaiti who admits he owes $10.5bn

'Jassim, Jassim, Jassim'

By Alan Friedman and Kathy Evans

KUWAIT'S financial community is in turmoil. The collapse of the Souq Al Manakh (the country's unofficial stock market) has resulted in a $94bn mountain of post-dated cheques which were used in forward share dealings. It is a mountain which threatens not only Kuwait's financial community, but its social fabric as well.

Sixty people out of the 6,000 who played the Souq are now facing crimioal proceedings and around 300 or more could be bankrupted if Kuwait's bankruptcy law is strictly enforced. The law is clear: any individual who is declared bankrupt must immediately call in his debtors. If they cannot pay, they are also declared bankrupt. And so on.

A surprising number of Kuwaitis do not quite know how much they are worth, nor what their debtors and creditors are worth. The result is that even the Government appears to be finding the task of untangling the mesa a formidable challeoge.

It doesn't help matters that several senior government officiala are aaid to he involved in the post-dated cheque pyramid, as one put it, "up to their necks." The simple truth is that anyone, from taxi drivers to top hankers, could play the Souq.

And why not? Although some of the dealings were illicit and the risks high, the market was producing returns of 20, 50, 100 and 150 per cent. Shares were bought with forward cheques, some one year ahead and sold for cash immediately. Deals were done from car telephones, from aircraft flying over the Gulf, in the lohby of the Kuwait Sheraton and elsewhere.

But when confidence evaporated last August and cheques were presented for payment prematurely, the house of cards tumhled, bringing down the market and nine of the biggest dealers, known locally as "The Magnificent Nine."

The biggest of these, the most "magnificent" of the magnificent, is Mr Jassim Al-Mutawa, a former passport clerk who seems to be in the running for the title of the world's largest-ever personal bankrupt. By his own account, be owes KD 3bn ($10.5bn).

Mr Al-Mulawa, "Jassim" to all of Kuwait, is one of those being prosecuted. And if Mr Abdul Lateef Al Hamad, Kuwait's tough-talking Finance Minisler, has bis way, prison sentences will be doled out. "We will have people who have to be burt," declared the Finance Minister over the weekend.

Once the largest dealer on Kuwait's Souq Al Manakh, or unofficial stock market, Jassim Al-Mutawa (left) claims he is being made a scapegoat for its collapse in a mountain of post-dated cheques

So how does Mr Al-Mutawa feel about the situation? In a rare interview last week he said that he is convinced thet he is the victim of rumours and that, as a humble-born Kuwaiti, he is a likely scapegoat in a society where rank has traditionally been very important.

Jassim is well aware of bis fame (or infamy, depending on *your politics*): "*Jassim, Jassim,* Jassim they say. They all talk about me. I know I have done nothing wrong. There are 6,000 other Jassim Al-Mutawas in Kuwait. If they want to put everybody in prison, let them."

Here is how Jassim analyses his financial position: "I started with KD 2½m ($8.6m) and that grew to a total of KD 5bn. It seems like a big amount, but there is some exaggeration. There are KD 3bn against me (money he owes) and KD 2hn for me (money be is owed). That leaves me ooly a KD 1bn difference to pay and I bave enough shares and land to cover it."

Unfortunalely, some KD 575m of this KD 1bn ($3.5hn) Jassim is referring to is in Souq Al Manakh sbares and it is not clear that these will ever be worth the paper they are written on. Another problem is that be claims most of the balance is in property and the Kuwait market is not ripe for asset disposals just now.

Jessim reckons that despite ita protestations to the contrary, the Kuwait Government gave its approval to the Souq all along: "If the Government did not approve of It, they would not have let it continue. People in the Government were involved. The ministries phoned us every day for share prices. Of course this is official approval."

As for his own downfall, whicb coincided with that of the market last August, Jassim says he was used and attacked by *geera katila* — a "killing *jealousy.*" "*I am one of those* young people who became something in e very short time," he explains.

Jassim maintains that the fatal loss of confidence in the Souq had nothing to do with him. "In August a few of the hig dealers in the Souq managed to discover my accounts in banks. With the help of hank employees they found out what I had, when I got casb and when I did not. Even in a big country, if they know your accounts you are finished in a day. They made rumours that Jassim has fallen, Jassim has fallen. They all ran to the banks to cash my cheques."

These cheques carried premiums above the "spot price" of shares of the 40-odd companies (almost all offshore Gulf companies not incorporated in Kuwait). The premiums ranged from 10 and 20 per cent to 50, 100 and 150 per cent over the share prices. This meant that a dealer could buy shares forward with a post-dated cheque, say for one year, at a 100 per cent premium, then sell the shares immedialely for casb and buy more.

The post-dated cheque cycle became a credit markel, not a share market, and loans were effectively made with annual interest rates at well over 100 per cent. At the peak, dealers were said to be paying a 300 per cent *premium* for six months.

Jassim's solution to the post-dated cbeque problem? "We should drop the Government's requirement for immediale cheque payment and go back to the original spot price with a small percentage, a reduced premium."

Now, six montha later, the Government is struggling to come up with formulae which will reduce the KD 27bn ($94bn) of cheques to a net level of KD 7bn, and then lower. Everyonc in Kuwait has a different way to solve the problem. The Finance Minister has rejected a "hlanket solution."

Meanwhile, Jassim still comes to his office at the Souq most nlghts. Sealed in his leather swivel desk chair in a smoke-filled room, he leans back in the chair, adjusts his Arab head-dress and puffs on a Marlhoro. He orders another round of Turkish coffees for his guests and smiles wanly.

"If I am in prison, it will be unfair. I will defend my name *until* the *end* of *my life . . . I* was used."

Would he do it all again if be had the chance? "I would do the aame things again, avoiding some mistakes," says an unrepentant Jassim. "I have done nothing wrong."

Meanwhile, Kuwait searcbes for a solution to the cheque crisis. The longer the search goes on, the more the country hecomes riddled hy uncertainty and confusion. Although the Government would deny it today, most seasoned Kuwait observers reckon it will end up spending a few hillion dinars on a hail-out, prohahly one which is camouflaged in rhetoric and loan talk.

As for Jassim Al-Mutawa, he seems resigned to his fate hut determined to fight for bis bonour. Does the prospect of prison frighten him?

"No," answers Jassim. "I am not afraid of anything or anybody hut Allah."

FINANCIAL TIMES

Tuesday February 1 1983

Lloyd's to pay $10m leasing damages

By John Moore, City Correspondent, in London

LLOYD'S of London insurance underwriters have agreed to pay more than $10m in damages to Federal Leasing, a U.S. computer leasing company after nearly four years of legal action.

Lloyd's underwriters have also agreed not to dispute the $82m of insurance claims made by Federal, which they have been resisting in litigation after alleging fraud. Lloyd's have dropped the allegations. Federal Leasing has withdrawn all allegations of bad faith which it made against Lloyd's underwriters over their resistance of the insurance claims.

The legal dispute between Federal and Lloyd's was settled last month but the details of the cash deal between the two sides only became known yesterday.

Federal Leasing had been claiming up to $550m in compensatory and punitive damages on computer leasing insurance business which had been arranged by Lloyd's.

Federal, which has pursued its legal action against Lloyd's since 1979, was claiming compensatory damages, alleging that its business suffered because of Lloyd's failure to pay immediately on claims falling due on its computer leasing insurance policies.

Lloyd's underwriters already face losses of $388m from the computer leasing insurance scheme, one of the largest series of losses on any one class of business in the 300-year history of Lloyd's.

The computer leasing insurance scheme protected leasing companies against customers terminating their leases on computers before the contract date.

Many leasing companies, like Federal, used its Lloyd's computer leasing policy as collateral for loans, often with major U.S. financial institutions. Federal secured $130m of insurance arranged at Lloyd's against loans from banks and institutions to finance its operations in the late 1970s.

When new IBM models came on to the market rapidly in 1978 leasing companies like Federal found that their customers traded in existing models before the contract date. When that happened, they claimed on their Lloyd's insurance policies.

Penny in $1bn reorganisation

By Paul Taylor in New York

J. C. PENNY, the second largest U.S. retail store group, said yesterday that it would spend more than $1bn in the next five years in a major reorganisation and modernisation of its large and medium-sized stores.

The move is designed to bring merchandise into line with consumer buying patterns in regional shopping centres where most of these shops are located.

Mr Donald Seibert, chairman and chief executive, said the spending plans represented "an acceleration of the company's efforts to reposition these department stores in the retail market place."

During the first two years of the plan, a new mix of goods and a reorganisation of shelf and floor space will place greater emphasis on clothing, leisure lines and soft home furnishings. This product mix will be introduced to the remaining medium and large stores by the end of 1984.

To accommodate the change, these stores will stop selling major appliances. Paint and hardware, garden equipment and fabrics and close down more of its car centres.

As a result of the changes, about 7,900 jobs will be lost. The company has about 187,000 employees and operates stores in 50 states. It will take a $58m, or 79 cents a share, after-tax charge against fiscal 1982 income.

Despite this charge Mr Seibert said net income for 1982 should be about the same as in 1981. For the year to January 31, 1981, the company reported net earnings of $387m

Reagan asks Andropov to agree N-missile ban

BY LESLIE COLITT IN BERLIN AND JAMES BUCHAN IN BONN

MR GEORGE BUSH, the U.S. Vice-President, said yesterday that President Reagan proposed in an open letter to Mr Yuri Andropov, the Soviet Communist Party chief, that the two leaders meet "wherever and whenever be wants" in order to sign an agreement banning U.S. and Soviet medium-range missiles "from the face of the earth."

Mr Bush, in a speech in West Berlin at the close of the first day of his tour of Western Europe, quoted President Reagan as saying he made this offer out of the conviction that such an agreement would "serve the interests of both sides" and that the people of Europe wanted nothing more. "I urge Mr Andropov to accept it" Mr Reagan wrote.

Mr Bush strongly reaffirmed his Administration's commitment to nuclear arms control and attacked the Soviet Union's "tremendous public offensive, designed to drive a wedge between the U.S. and its European allies."

He portrayed Washington as consistently ready over the years to negotiate on arms control, while Moscow had stalled. His remarks were clearly designed to win back European public opinion, above all in West Germany where public anxieties over intermediate-range nuclear missiles and over Washington's readiness to negotiate have played important roles in the lead up to the March 6 general election.

"In 1981 alone, the United States withdrew one thousand nuclear warheads from Western Europe," he said. "In so many words, the United States has maintained a decade-long, de facto freeze during the time the Soviet Union pursued a vigorous military build-up."

The Soviet Union now enjoyed a monopoly of intermediate-range nuclear weapons aimed at Europe, with its SS-20 missiles "sprouting like fields of asparagus, more than three hundred in all," be said.

Mr Bush said the U.S. should follow the same line in the U.S. – Soviet negotiations over intermediate-range missiles at Geneva as in the talks over the status of Berlin at the beginning of the 1970s when "the West, by negotiating in good faith, by being creative and flexible, and by remaining true to the principles which have brought us so far, was able to reach an agreement."

In the course of his tour, Mr Bush will also visit the UK, Italy, the Netherlands and Belgium, the countries which, with West Germany, are due to accept a new generation of U.S. intermediate-range missiles should the Geneva talks fail. Without this prospect, Mr Bush said, "the Soviet Union will simply have no incentive at all to negotiate seriously."

Although Mr Bush stuck firmly to the so-called "zero option" – which calls on the Soviet Union to dismantle its missile force aimed at Europe in exchange for no new U.S. missile deployment – he said earlier in Bonn that President Reagan would "explore all serious Soviet proposals" towards a reduction in nuclear weapons.

This restating of U.S. commitment to the Geneva negotiations comes as a boost to Chancellor Helmut Kohl, who has supported the "zero option" despite fears among other German political leaders that it is not achievable and that an agreement in Geneva might not be reached. The Bonn Government emphasised that West Germany and the U.S. were agreed that the zero option did not imply an "all or nothing" approach at Geneva.

Mr Bush was met on his arrival in West Berlin by thousands of demonstrators who held a large rally near his hotel to oppose his presence in the city.

Thousands of West Berlin policemen were on alert for the possibility of violent clashes similar to those that took place during President Reagan's visit to the city last year.

The third largest party in the West Berlin legislature, the Alternative List Party of the ecological and peace movement, boycotted Mr Busb's visit and called him the most unlikely figure to be "flown in to Berlin as an angel of peace."

The party claimed that Mr Bush, during the 1980 U.S. election campaign, had denied there would be no winner after a nuclear war.

Genscher talks in Prague, Page 3

Esso to move its London base

By Carla Rapoport in London

ESSO Petroleum, the UK exploration, refining and marketing subsidiary of Exxon Corporation in the U.S., is planning to move out of its London headquarters in order to reduce costs.

Esso's decision is the latest in a string of similar moves by large London-based companies which have been squeezed by the capital's high rents and taxes and their own reduced profitability.

With more than 1,000 jobs based in Esso's Victoria Street headquarters, the move will be one of the largest desertions from London.

In the past six months Imperial Chemical Industries, Commercial Union and United Dominions Trust have announced plans to vacate all or part of their London headquarters. Blue Circle, Chemical Bank, Lummus, International Harvester, British Steel, GKN and Unilever are other leading national and international companies which have reduced their central London offices.

Rising accommodation costs and the growing need for companies to reduce overheads have persuaded firms to question the necessity of their large, expensive, prestige office blocks in the capital.

The greatest savings can arise from staff cuts, often associated with headquarter relocation moves. Managements accept that a proportion of their staff will not wish to transfer their jobs to other areas, and this gives them the opportunity to reduce staff without resorting to compulsory redundancies.

Commercial Union, for example, hopes to save £20m a year by 1984 as a result of its recently announced headquarters' reorganisation. The bulk of this saving is expected to come from staff cuts.

Esso has not formally announced the decision to leave London, but has told employees that it is "committed to reducing the financial burden of central London occupancy." A study group has been set up to explore alternative locations, but it is understood that the company will not be leaving the City before the end of 1984.

An Esso executive yesterday said "rents and rates" were at the heart of the problem. Its Victoria Street building is occupied under a leasing agreement.

A recent study published by Richard Ellis, international estate agents and chartered surveyors, confirmed the City of London was the most expensive office location in the world in terms of rents, rates and service charges. Total occupation costs for best quality space in the City are about £51 per sq ft, compared with just over £43 per sq ft in New York.

Oil industry analysts expect Esso's marketing and refining operations to show a loss in 1982.

Belgian coalition in attempt to defuse regional dispute

BY LARRY KLINGER IN BRUSSELS

BELGIUM'S centre-right coalition Government yesterday emerged from a weekend of emergency talks intact but seriously battered by the country's growing regional and linguistic tensions.

After nearly 18 hours of talks spanning three days, the Government of Prime Minister Wilfried Martens agreed on compromise proposals to defuse the bitter dispute over the administration of The Fourons, a tiny local authority which has become the focus of rivalries between the Flemish and French-speaking halves of the country.

A vote of confidence is now in prospect on the issue in Parliament in April or May, ahead of which the Government hopes to secure its 113 majority in the 212-seat National Assembly.

The aim of the new proposals is to buy time while trying to calm tempers in both linguistic communities on matters ranging from cultural activities to regional control of industrial policy.

The year-old coalition of Mr Martens' centrist Christian Democrats and the conservative Liberales has, until recently, managed to contain regional animosities by successfully arguing that they should not be allowed to endanger its wider programme to overcome the country's worst economic problems since World War II.

The continuing tensions, exacerbated by the recent uninterrupted growth in unemployment, came into the open this month with the election of a controversial mayor in The Fourons.

The authority lies near the French-speaking province of Liège while administratively forming part of the militantly Flemish province of Limburg.

Since The Fourons' transfer to Flanders in 1963 as part of the arrangements laying down the country's official linguistic frontier, this group of six mixed language villages with a combined population of only 4,500 has become a symbol for both communities and the site of frequent and sometimes violent demonstrations.

Mr Martens' own powerful Flemish wing of the Christian Democrats openly opposed the confirmation in office of the mayor, Mr José Happart, the militant leader of a campaign for the return of the area to Liège; his lack of mastery of the Flemish Language, his opponents claimed, made him legally unsuitable for the office.

Confirmation of a mayor is usually given automatically by King Baudouin, but the open opposition of the Flemish Christian Democrats placed at risk the King's impartiality in inter-communal disputes if there was no clear Government recommendation.

In the end, the Government, while repeating that it would continue to give priority to overall economic problems, declared that it would also accelerate talks on possible further regionalisation.

Meanwhile, it would place before Parliament a bill transferring the Fourons' administration from Limburg to the province of Brabant, a linguistically mixed area near international Brussels, while deferring a final decision on Mr Happart's confirmation until next year.

Chaos in Nigeria exodus

By Quentin Peel in Lagos

SEVERAL THOUSAND Ghanaian migrant workers yesterday crowded on to a ship arriving at Lagos to beat last night's deadline set by Nigeria for illegal immigrants to leave the country.

Some 20,000 workers had been at the docks for more than a week in miserable conditions, rapidly running out of food and money. For the past two days they have been under imminent threat of being forcibly ejected by the Nigerian police.

Scenes of chaos greeted the arrival of the ship from Accra as the people fought for a place on the return journey. Some tried to climb up the ropes tying the ship to the dockside.

Thousands of others had given np hope of a ship arriving to take them home and had paid exorbitant prices for seats on lorries. Ghana agreed to open its borders at the weekend.

Howe outlines his recovery plan

Continued from Page 1

● A solntion to the world's $580bn debt problems, with "adjustment by major debtors, the scale of whose difficulties has, at times, threatened to overwhelm the international financial and banking system." A substantial increase in the quota subscriptions to the IMF next week could be an important contribution.

● Avoidance of protectionism. An attempt to solve balance of payments difficulties through increased restrictions on trade would only impoverish everybody, Sir Geoffrey said.

Perhaps the most controversial part of Sir Geoffry's strategy was his suggestion that recovery required a modest reflation by some countries.

Under cross-questioning, be referred to Japan as a country which might be ready for fiscal expansion. To a suggestion that the UK also had its deficit and payments position under control, Sir Geoffrey said the committee would have to wait for his next budget.

In answer to later questions Sir Geoffrey said "crisis" was the wrong word to describe the difficulties facing the world banking system, because it implied something which happened at a specific time. The serious problems facing the world financial system would, however, take a sustained effort to resolve.

In particular, Sir Geoffrey described his anxiety about the position of those debtor countries which had been living in apparent prosperity, on the "sand" of inflation and debt. These would now require an enormous adjustment programme, which would stretch their institutions to the limit.

Sir Geoffrey said the U.S. could give major leadership to the world in solving its problems.

Reagan outlines budget

Continued from Page 1

and realistic." He also pointed out that growth this year could be much higher than projected, if it turned out that the trough of the current recession has already been passed.

"If January really is the first month of the recovery as many economists think, I wouldn't be at all surprised if we saw 5 per cent growth in the year ahead."

He noted, however, that clear evidence about the timing of the recovery would not emerge until several months after the event.

Referring to the longer-terms prospects, Mr Feldstein said tha assumed 4 per cent annual growth rate over six years was the average for post-war recoveries, but that it was relatively optimistic to think that this recovery would be a steady, non-inflationary one, without a downturn before 1988.

There has only been one recovery lasting for as long as six years since World War II.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	13	55	Dubrovnik	R	3	37	Malaga	S	24	75	Salzburg	C	5	41
Algarve	F	16	61	Faro	S	18	64	Malta	C	16	61	Seoul	F	7	45
Algiers	S	18	64	Florence	C	13	55	Manila	F	32	90	Singapore	F	32	90
Amsterdam	C	5	41	Frankfurt	R	9	48	Miami	F	24	75	Stockholm	S	-3	27
Athens	S	16	61	Funchal	F	17	63	Milan	S	11	52	Strasbourg	C	5	41
Bahrain	C	15	59	Geneva	C	3	37	Moscow	S	-1	30	Sydney	F	21	70
Bangkok	F	32	90	Gibraltar	S	19	66	Munich	C	1	34	Taipei	F	16	61
Barcelona	S	14	57	Guernsey	R	11	52	Nairobi	—	—	—	Tangier	Fg	11	52
Beirut	F	16	61	Helsinki	F	-5	23	Naples	F	11	52	Tehran	—	—	—
Belgrade	C	5	41	H. Kong	C	16	61	New Delhi	C	19	66	Tel Aviv	F	6	43
Berlin	C	3	37	Innsbruck	C	3	37	New York	C	7	45	Tenerife	C	19	66
Biarritz	C	13	55	Inverness	C	2	36	Nice	S	15	59	Tokyo	F	4	39
Blackpool	Sl	1	34	Istanbul	R	10	50	Oporto	S	11	52	Toronto	R	1	34
Bordeaux	R	10	50	Jersey	R	10	50	Oslo	C	-7	19	Tunis	S	15	59
Brussels	C	4	39	Jo'burg	R	31	88	Paris	R	3	37	Valencia	R	19	66
Budapest	C	5	41	Las Palmas	S	20	68	Prague	C	3	37	Venice	S	10	50
B. Aires	C	30	86	Lima	F	29	84	Reykjavik	C	-5	23	Vienna	C	5	41
Cairo	C	19	66	Lisbon	S	11	52	Rio de J'o	F	38	100	Warsaw	Sn	3	37
Cape Town	—	—	—	Locarno	—	—	—	Rome	S	14	57	Zurich	C	2	36
Caracas	F	29	84	London	Sl	3	37								
Casablanca	S	16	61	Los Angeles	F	17	63								
Copenhagen	C	3	37	Luxembourg	C	1	34								
Corfu	F	16	61	Madrid	S	13	55								
Dublin	S	10	50	Majorca	F	15	59								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Pressure on Nigeria to cut oil price

Continued from Page 1

Mr Mallam Yabaya Dikko bas published his Geneva proposal suggesting modest production increases for most Opec members, but no change in the marker price or differentials.

He said that the plan had been accepted by 11 member states, including Libya and Iran, who had both agreed to stop their present price-cutting. However, it was rejected by Saudi Arabia and Kuwait, backed by Qatar and the United Arab Emirates.

"We believe this plan represents the only realistic solution," one oil official said. "We wouldn't say that Nigeria is unalterably opposed to a price cut but everybody must avoid a price collapse.

"We bave yet to see any proposal from the Gulf states setting out in its entirety just bow a price cut should be accomplished. Any price reduction must be accompanied by production-sharing quotas."

Nigerian officials maintain that they can survive a production rate of 800,000 to 900,000 b/d for some time, because the Government's 1983 budget was based on only 1m b/d.

● Roger Matthews writes: Sr Humberto Calderon Berti, Venezuela's Minister of Energy and Mines, suggested yesterday that an informal meeting of Opec ministers would take place in Caracas on February 9.

He said several ministers would be arriving then to attend the inauguration of new refinery installations and this would provide an opportunity for them to assess international reaction to the last Opec consultative meeting in Geneva.

Sr Calderon said he expected a further Opec consultative meeting to be held within a few weeks, before the convening of a formal conference. The Minister warned that a drastic drop in prices could have "catastrophic effects" on the economies of the industrialised world.

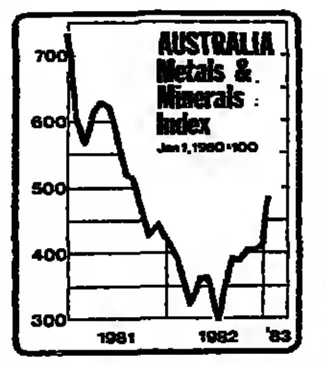
THE LEX COLUMN

A budget dilemma for Wall Street

Provisional U.S. budget deficits are quite properly treated by Wall Street with the greatest suspicion. Numbers which start very large have a habit of running off the end of analyst's calculators by the end of the fiscal year. Moreover, the latest figures – for fiscal 1984 – have been leaked so extensively that the news should have been effectively discounted by the debt markets when the forecast of a $188.8bn deficit was officially unveiled yesterday.

Despite all this, bond prices moved smartly lower on the announcement. The disturbing feature of the market remains its relative inactivity. Retail customers have taken to the hills at a delicate stage of the present Treasury refinancing. This week's new debt has already produced a rise of about 10 basis points on each of the forthcoming issues and the bond houses are still reporting an ominous calm.

Against that background, the problem of financing even the provisional 1984 total looms very large. At the same time, the market remains sceptical about the President's chances of securing all the recently-proposed amendments needed to underpin this total. And if the recent flickerings on the economic horizon convert into a rise in corporate credit demand, the bond markets may be faced with an uncomfortable twelve months.



Mail order

The Monopolies Commission conspicuously left the door half open for Sears Holdings when it rejected the Great Universal bid for Empire Stores earlier this month. But, despite repeated expressions of interest, Sears has been in no great hurry to respond and even yesterday's formal proposal, involving a 24 per cent participation in the combined equity of Empire and Grattan, is no resounding vote of confidence in the industry. Almost certainly, however, it represents no more than an opening move from a cautious Sears management.

The Sears document suggests the creation of a new company combining the resources of the two existing mail order groups and profiting from a £16m capital injection by Sears itself. Yet, beyond some very general references to financial and technological benefits, Sears makes nothing of the potential commercial logic of a link-up. The Common Bradford base, the spare warehousing capacity at Empire, the management systems (borrowed from GUS) at Grattan are all committed.

Nor has Sears provided an offer which shareholders of either company will race to accept. Existing holders, presumably lairly weary of the mail order industry by now, would simply swap one piece of paper for another, or sell in the market at very little premium to the recent trading range. Even the name of the proposed company – Newco – is hardly a thriller.

Sears, of course, is far more serious about these proposals than its flimsy document might suggest. It is planning to take a stake in two companies which, pro forma, managed a pre-tax loss of £1m in their latest half year and may therefore be arguing that time is on its side. It is also aware that the share prices of all the smaller companies in the sector are buoyed up by bid bopes and that, if it fails now, there is a reasonable chance that it can come back more cheaply later on.

The combination of Grattan and Empire, which together account for around 15 per cent of the UK catalogue mail order industry, would represent a far more powerful challenge to GUS than either on its own. A full blown cash bid for both companies, however, would cost around £100m – virtually all of Sears' liquid assets – and the group presumably reckons that the stakes are too high to justify that kind of investment, at least for the moment.

Grattan, which looks like taking the driving seat in the new combination, is already warming to the deal while Empire can be expected to oppose it with all the vigour which it previously used in support of the GUS offer. The Sears proposal may turn out to be nothing more than an opening salvo, but it is a shrewd one.

Australia

Despite the enthusiasm which has recently pushed Australian mining stocks to a twelve month high, Broken Hill Proprietary's bid for Utah International has been greeted with considerable caution. The Australian market's reaction partly reflects the size of the undertaking: BHP is aiming to acquire assets which, at A$2.5bn, slightly exceed its present market capitalisation of around A$2.3bn. But it also underlines the deep contrasts in investors' judgment of prospects for the variety of minerals mined in Australia.

Utah's strength lies in its vast – and cheaply mined – coking coal deposits. Its natural outlets are the Japanese and Korean steel industries, so BHP's acquisition implies confidence in a not-too-distant recovery in world steel output. Since the company is aiming to float off 70 per cent or even more of Utah, after injecting its own coal interests, it will have to persuade investors to think likewise.

BHP may have caught the market at roughly the right moment, but, until quite recently, there were few signs of investors moving strongly towards recovery stocks. The main influence behind the rise of the Australian Metals and Minerals Index, which touched bottom of 299 last July, was the rediscovered vogue for gold and other precious metals. Many of the big Australian base metal mining companies, such as MIM and CRA, have sufficient gold and silver to interest the international funds which have primarily driven the 63 per cent rise in the index since last summer.

The recent strengthening of commodity prices has since helped maintain the swing into Australian resource stocks, although oil shares, and coal, have remained weak. Present share levels are already discounting increases of around 30 per cent in commodity prices. So far, the evidence of any recovery in demand is virtually invisible. The high physical stocks and rising prices of copper, for instance, suggest that it has been pushed to a 34 month high by speculative pressure. So the continuing strength of the Australian mines will depend very much on the ability of the U.S. to get the world economy moving again.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday February 1 1983

OPERATING EARNINGS UP DESPITE $81.2m CHARGE

Burroughs advances on year

BY PAUL TAYLOR IN NEW YORK

BURROUGHS CORP., the U.S. computer and office equipment manufacturer whose operations have been extensively restructured over the past two years, yesterday reported a further slight improvement in fourth quarter and full-year operating earnings.

The company also announced an unexpected $15.6m, or 37 cents a share loss, in the fourth quarter after charges of $81.2m, or $1.93 a share, related to restructuring and accounting changes, compared with a net profit of $62.9m or $1.51 a share in the same period in 1981.

Operating earnings in the fourth quarter increased by 3 per cent to $65.4m or $1.56 a share from $62.9m or $1,51 a share in the 1981 period on revenues which increased by 10 per cent to $1.12bn from $1.02bn.

Outright sales increased by 13 per cent while rentals fell by 2 per cent and service revenues rose by 16 per cent.

Burroughs said that the $81.2m fourth quarter charge contained several major components. The company took a $84.1m after-tax charge related to changes in inventory valuations, and a $17m credit from the reversal of deferred income taxes associated with export operations together with charges of $14.1m after taxes related to other actions.

For the full year the company, which completed the purchase of Memorex in December 1981, reported operating earnings of $165.9m or $3.95 a share compared to $148.9m or $3.58 a share in 1981.

The 1982 results reflect the consolidation of Memorex and the adoption of new accounting standards from January last year. The 1981 results have not been restated to take account of FAS 52.

In the latest year, a $32.9m gain from accounting changes partially offset the $81.2m fourth quarter charge, reducing net income by $48.3m, or $1.15 a share, to $117.6m, or $2.8 a share, against $148.9m or $3.58 a share in 1981.

Worldwide revenue for the year increased by 23 per cent to $4.18bn from $3.4bn. Outright sales increased by 27 per cent, rental revenue by 9 per cent and service revenue by 23 per cent.

Mr Michael Blumenthal, Burroughs' chairman and chief executive, said "The operating results in 1982, although 10 per cent higher than in 1981, were less than we had hoped. They reflect the difficult worldwide environment and the continued strength of the dollar which prevailed throughout 1982.

"Taking these factors into account, however, we are satisfied with these results," he said, "which reflect the company's improvement in operating procedures and the beginning of the realisation of the benefits from new product programmes together with other changes."

Mr Blumenthal added that the performance of Memorex had exceeded the company's expectations and its positive contribution justified the acquisition.

Allied makes $120m purchase

BY PAUL BETTS IN NEW YORK

ALLIED CORPORATION, the large, diversified chemicals and energy group, is buying a leading manufacturer of scientific instruments for medical and industrial use for about $120m to expand the company's health and scientific products business.

Fresh from its $2bn acquisition of a majority stake in Bendix and a 39 per cent interest in Martin Marietta, the latest deal is a further component in the broad acquisition strategy of Mr Edward Hennessy, Allied's chairman and a former protege of two master conglomerate builders, Mr Harold Geneen of ITT and Mr Harry Gray of United Technologies.

The latest deal involves Allied's acquisition of Instrumentation Laboratory of Lexington in Massachusetts with sales of $138m in its fiscal 1982 year, some 2,100 employees and plants in the Boston area, Puerto Rico and two near Milan in Italy.

Allied is to begin in the next few days a cash tender offer for up to 1.45m shares (or about 45 per cent) of the scientific instruments company for $38 a share. The rest of the shares will be exchanged in a tax-free merger involving Allied shares. Moreover, Mr Thomas Rosse, chairman of Instrumentation Laboratory, has agreed to sell Allied at least 1.2m shares, or the equivalent of 42 per cent of the total outstanding shares.

This is the second acquisition in the scientific and medical field by Allied. In 1981 the diversified company acquired Fisher Scientific.

Mr Hennessy said yesterday the latest acquisition was the second step of the strategy Allied announced in 1981 to build e major or core business in health and scientific products.

"Fisher Scientific, with its strong distribution network, provided the base. Now, Instrumentation Laboratory brings us the high technology products we need to expand significantly our position in the fast growing diagnostics portion of the clinical laboratory market," Mr Hennessy added.

The scientific and medical company, however, had a net loss of $5.9m for the six months ended September 30 1982.

Instrumentation Laboratory has been seeking a buyer because it has suffered from a sales decline and limited borrowing power. The company claimed it was having difficulty building a direct distribution network while continuing to fund research and development.

Allied also reported yesterday a decline in both its latest quarter and 1982 earnings. Fourth quarter earnings totalled $46m on sales of $1.44bn while earnings for 1982 amounted to $272m on sales of $6.18bn. This compared with earnings of $348m on sales of $6.4bn in 1981.

Shareholders of Bendix and Allied also approved yesterday the merger of Bendix with Allied. Approval was expected and finally brings the curtain down on perhaps the most extraordinary and eccentric takeover battle in American corporate history.

CANADIAN RESULTS

Profits slip 10% for Bell

By Robert Gibbens in Montreal

THE recession has eaten into the 1982 profits of several Canadian companies.

A drop in the number of calls and rising costs even disturbed steady growth at Bell Canada, the Eastern Canadian telecommunications services supplier.

At the operating net level, fourth quarter profits slipped more than 10 per cent from C$182.4m (U.S.$147.6m), or 99 cents a share, to C$163.1m or 80 cents a share, with revenues only marginally ahead at C$2.16bn against C$2.07bn.

For the year, however, Bell Canada managed to show a respectable profit gain, with operating net earnings up 13 per cent from C$550.7m to C$622.2m on revenues of C$8.41bn compared with C$7.39bn.

Primary per share earnings were C$3.11 against C$2.97, and diluted, C$3.03 compared with C$2.89.

In the forest products sector, Consolidated Bathurst was hit both by the recession and by the cut in the North American newsprint price last year, which squeezed margins.

For the year, net earnings before extraordinary items were almost halved at C$53.4m, or C$2.20 a share, compared with C$101 or C$4.41 a share on revenue of C$1.4bn against C$1.5bn. Fourth quarter earnings were equal to 31 cents a share compared to 87 cents.

The group also cut its quarterly dividend from 40 cents to 20 cents a share to conserve cash.

Macmillan Bloedel, the West Coast forest products group expects to incur an increased loss for 1982 of C$65m compared with an operating loss the previous year of C$26.7m and a net profit of C$3.3m after a C$30m special gain. The group, however, is forecasting a return to profit in the current year.

Zurich SE turnover at record level

By John Wicks in Zurich

A RECORD turnover of SwFr 190.8bn ($96bn) was recorded by the Zurich Stock Exchange last year. This was an increase of almost 30 per cent on the previous record of SwFr 147.1bn, set in calendar 1981.

The number of bargains rose by some 10 per cent to a new high of 326,570 and the Zurich Share Index increased during the year by 4.7 per cent.

Record figures were also registered by the Basle Bourse, where turnover went up by 21 per cent to SwFr 37.7bn. Bargains were up on 1981 levels by 5.2 per cent, at nearly 90,000.

United Technologies lifts final quarter earnings 16%

BY OUR NEW YORK STAFF

UNITED TECHNOLOGIES, the large diversified U.S. technology and industrial group, reported yesterday a 18 per cent increase in fourth quarter earnings to $112.8m compared with $97.5m in the same period last year.

For 1982, net income was also sharply higher at $533.7m compared with $457.7m in 1981 but this included the effect of an accounting change and an extraordinary gain from a debt for equity swap. Without these, net income last year would have totalled $426.9m, lower than 1981 earnings.

Mr Harry Gray, chairman of United Technologies, said yesterday that the company will consider selected acquisitions supplementing its existing business and would continue to divest assets that did not fit with the company's long-term strategic goals.

Mr Gray, who said the company held its own in 1982 "in the face of the roughest economy in decades," said that in 1983 "we expect that our military business will increase and we anticipate modest improvement in several of our industrial areas."

The company's sales in the fourth quarter rose by 1 per cent to $3.5bn compared with 1981 fourth quarter sales and declined slightly to $13.58bn last year compared with $13.67bn in 1981.

W. R. Grace, the leading U.S. manufacturer of speciality and agricultural chemicals, has suffered a 35 per cent drop in net profits for the fourth quarter ended December to $54m from $82.8m a year earlier.

This brought the full year net profit to $319.5m, or $6.62 a share, a fall of 12 per cent from 1981's $364.7m, or $7.58. Revenues were $6.13bn, compared with $6.54bn which the fourth quarter contributed $1.59bn against $1.76bn in 1981.

Norwegian mining group deeper in red

BY FAY GJESTER IN OSLO

ELKEM, the Norwegian metals, mining and manufacturing concern, reported higher losses last year than in 1981, despite a rise in sales to NKr 5.6bn ($785m) from NKr 4.8bn.

The group's shares, which last week rose sharply on the Oslo Bourse, yesterday eased by a couple of kroner on the news.

The company, says a better result is expected this year, despite the continuing recession, because of the success achieved in cutting costs and increasing productivity.

Preliminary figures put the 1982 deficit, before year-end appropriations and taxes, at around NKr 230m. In addition, an unrealised NKr 70m loss on foreign currency loans will be charged against revenues for the year, bringing the overall loss to NKr 300m.

This compares with a deficit of NKr 153m in 1981, against NKr 178m profits in 1980 and NKr 22m in 1979.

The international slump continued to affect the group's aluminium and ferro-alloy activities – the latter because of shrinking demand from the world's steel industries.

In Norway and the U.S. Elkem had to make significant cuts in output by its ferro-alloy plants. The group is taking part in talks with four other Norwegian ferro-alloy producers about a possible merger that would bring all the country's ferro-alloy plants together in a single company.

Elkem's steel mills in the UK operated at a loss during the second half of 1982 because of the recession and the competition, but it expects the situation to improve this year, as a result of further cost reductons.

The group's Norwegian steel plant, Christiania Spigerverk, was "one of the few steel works in the world which showed a profit" in 1982.

Andelsbanken to increase dividend

By Hilary Barnes in Copenhagen

ANDELSBANKEN DANEBANK has proposed a dividend increase from 12 to 14 per cent after lifting net profits from DKr 46m to DKr 144m ($18.8m). The bank also intends to make a DKr 100m new share issue at 105 per cent.

Earnings before depreciation and loss provisions increased from DKr 58m to DKr 270m, as a result of a higher volume of business, higher interest rates and cost reductions, the bank said.

Depreciation and loss provisions increased from DKr 219m to DKr 318m, exceeding operating earnings for the second year.

But an increase in the value of the bank's security portfolio, by DKr 241m took pre-tax profits from DKr 46m to DKr 203m.

The bank's assets increased over the year from DKr 16.5bn to DKr 17.6bn. Advances rose from DKr 8.2bn to DKr 9.3bn and deposits from DKr 9.8bn to DKr 10.7bn.

Danish shipping line confirms loss

BY HILARY BARNES IN COPENHAGEN

DFDS, the Danish shipping company, will report a 1982 loss of about DKr 240m ($28m) after depreciation and financial costs, Mr Lief Juul Jørgensen, managing director, said yesterday. The net loss will be reduced to DKr 120–140m after extraordinary incomes, however.

Mr Juul Jørgensen said the group hopes to eliminate the loss and break even in 1983. In 1981 DFDS made a profit of DKr 126m.

The group will restore its financial situation by selling four to six passenger vessels and two or three freight vessels, trimming some of its North Sea passenger routes and reducing the labour force by about 350 to about 4,100.

The group's strategy is to reduce its debt and financial costs by selling some vessels and then concentrating its efforts on vital routes.

No changes will be made in Scandinavian World Cruises, its pioneering North American venture which started operations last October This service allows the so-called "Snowbird" tourists from New York to sail to the Bahamas on a New 27,000-ton cruise-car liner, switching in the Bahamas to one of two smaller ferries which take them and their cars to Miami or Port Canaveral.

Scandinavian World Cruises, which cost DFDS about DKr 1bn in investments, contributed substantially to 1982 losses, Mr Juul Jørgensen said at a press conference. Trade was now picking up and the venture was expected to make a positive contribution to covering its financial costs in 1983, although he could not promise that it would make a profit after financial costs.

DFDS has already withdrawn two passenger ferries from its Mediteranean service a third vessel from the Printzen Line's Bremerhafen-Harwich Route, which was closed down in November.

New measures include the closure of the Oslo-Newcastle route. The Esbjerg (Denmark) – Newcastle route will be suspended in the winter of 1983–84 and summer sailings reduced from four to three a week. The Gothenburg-Newcastle and Gothenburg-Amsterdam routes will be closed after the summer season. The Gothenburg-Felixstowe route will be switched to Harwich.

Swedish chemicals group has strong rise

By David Brown in Stockholm

PERSTORP, the Swedish chemicals and plastics group, boosted earnings by 50 per cent to SKr 75m ($10m) in the first four months of the year. Consolidated slaes for the period were SKr 835m, or e 30 per cent increase over the corresponding period last year.

The results are said to be largely the result of Sweden's 16 per cent devaluation of the krona last October. The company reported an increase in net financial costs of SKr 11m, due to unrealised losses on foreign currency loans. Foreign sales accounted for about 74 per cent of company sales.

The biggest boost in sales came at Perstorp's *Brazilian* operations, which were up 52 per cent to SKr 105m from last year. However, both the Brazilian and U.S. markets were said to have shown some decline in the autumn.

During the four month period ending last December, the group's Pernovo subsidiary acquired control of Tunab-Tunhens of Sweden – expanding its Nordic market position in the field of noise abatement products.

Group investments for the period are put at SKr 27m, up 35 per cent over the same time last year.

Sonesson in share sale

By Our Stockholm Staff

THE SONESSON Group, a diversified Volvo subsidiary, has sold all shares in SAB Automotive of Landskrona to another Swedish company, Hesselman.

Sonesson said SAB Automotive, which produces and markets components for the automotive and transport industries, no longer fitted into the company's new structure.

A SAB Automotive executive suggested another reason for the sale might be displeasure among its customers over the Volvo link. SAB customers include Volvo competitors MAN, Daimler-Benz, Daf, Leyland, Renault and Scania.

Hesselman, a subsidiary of the Swedish public investment group, Incentive, said its long-term objective was the operation of an international automotive and transport component supply group.

Peugeot drops loss-making joint venture with Matra

BY DAVID MARSH IN PARIS

PEUGEOT, France's second largest motor company, has pulled out of the loss-making car-making venture owned jointly with Matra, the state-controlled defence and electronics group, Matra announced last night.

Matra will seek partnership with an unnamed manufacturer – widely thought to be Renault – to strengthen the position of the car company, Matra Automobiles.

But Peugeot will retain ita commercial links with the company, continuing to sell Matra's Rancho and Murena models through its marketing network.

More details will be given today by M Jean-Luc Lagardere, Matra chairman.

Matra Automobiles, set up in 1979 and with a history of mounting losses since then, is capitalised at FFr 82m ($11.9m). Matra will take over the 45 per cent held by Peugeot, in addition to its existing 55 per cent.

It is not yet clear whether the third company to be involved in future collaboration will take a stake in the group. Last night Matra would not comment on this.

Peugeot badly needed cash from the divestment to transfer to its own loss-makiog car business. Matra Automobiles itself made a loss last year of between FFr 120m and FFr 130m, with car output down by a half since 1979. The Matra group, on the other hand, is turning in healthy profits from its defence and electronics activities, and is clearly in better financial shape to take full control of the car businesa.

Alsthom-CEM deal approved

BY OUR PARIS STAFF

THE FRENCH Government, seems to have given the go-ahead for the state-controlled Alsthom Atlantique electrical engineering group to take over Compagnie Electro-Mecanique, the electrical equipment maker owned 77 per cent by the Swiss-based Brown Boveri.

CEM shares were suspended on the Paris bourse yesterday, with quotation resuming Thursday. Although all the details may take several weeks to sort out, bourse dealers yesterday were speculating that the main elements of the takeover would be decided this week.

Alsthom Atlantique is owned by the nationalised Compagnie Générale d'Électrité electrical group, one of the few profitable companies among the state's industrial companies.

Alsthom, which sees the takeover of CEM as complementing its activities in the electrical engineering sector, reached outline agreement on buying the company last summer, but the deal was held up by reticence of the Ministry of Research and Industry.

CGE chiefs yesterday went to the ministry to discuss the matter, while a union delegation from the CEM factory at Le Hague was received in the afternoon to deal with social questions arising from the takeover.

Alsthom has had differences with the Government about the financial terms of another takeover, this time forced by the Industry Ministry – the absorption of the loss-making Dubigseon-Normandie shipyard as part of the restructuring of the French shipbuilding industry.

FRENCH CONSTRUCTION GROUP'S TROUBLES MOUNT

State agrees to Richier merger

BY DAVID MARSH IN PARIS

A TORTUOUS SAGA in the trouble-torn French construction equipment industry seems to be reaching a climax with the announcement of a government go-ahead for the takeover of the Richier earth moving group by the Ardennes-based Poncin hydraulic shovels company.

The takeover of Richier, which employs 800 people and had a turnover of FFr 400m ($58m) last year, will not be put into effect until financial details have been settled. Under protracted negotiations carried out by the Government's interministerial committee for helping companies in distress, both the state and nationalised banks are expected to put up substantial funds to finance the restructuring.

Richier, the country's second largest manufacturer of equipment for the public works industry, has suffered a dire downturn in fortunes over the last 10 years.

After growing fast to become ooe of the world's leading companies in the sector (with a workforce of 7,000 in 1960), it was taken over by Ford of the U.S. in 1972. Ford pulled out in 1979 and the company's affairs were put in the hands of the courts in 1981 after a series of reverses and large deficits.

Last year Richier's operations improved and it managed to break even. The company is thought to be on the point of bringing to market an earth-levelling machine said to be without rival on the French market.

One aspect complicating the rescue plan has been the dire state of Poclain, France's leading construction equipment group, which the Government is also trying to bail out. Some industry officials have argued that the slump in the construction market necessitated the sacrifice of Richier to help Poclain.

Richier's unions, on the other hand, have maintained that shutting down the company would cost FFr 70m to FFr 80m in redundancy payouts – more than the sum needed to keep it alive.

Poclain, which has been in almost persistent financial trouble since the first oil shock of 1973, is on the point of announcing a capital rise of FFr 250m (compared with the present FFr 157m) and an aid package from the French banks.

The mystery Saudi investor, which has already been reported likely to take a 10 per cent stake in the company, is now thought to be the Arabian Auto Agency, a private Saudi company which is Poclain's agent in the Kingdom.

Additionally, Poclain's major shareholder, Case Tenneco of the U.S., which owns 40 per cent, is expected to participate fully in the capital rise.

The plunge in the French building market has just been underlined by figures from the National Federation of Public Works. These show that the activity of companies in the public works sector fell by 8 per cent last year, the sharpest drop for 23 years, while their workforce declined 5 per cent.

INTERNATIONAL COMPANIES and FINANCE

Robert Cottrell reports on Hong Kong's largest ever syndicated loan

Favourable terms won for HK Land

HONGKONG LAND, one of the world's largest property companies, has obtained an HK$4bn (U.S.$611m) eight-year secured loan, the largest-ever Hong Kong dollar syndicated credit.

The loan, of which HK$3.2bn will be used to refinance existing short-term borrowings, comes on what analysts consider favourable terms, confirming Land's strong position relative to the disarray in the Hong Kong property sector.

The refinancing is seen locally as a prudent move, both to consolidate Land's fast-rising debt and to align its maturity structure more closely with major projects now under development and due to come on-stream in the second half of this decade.

Land's largest propery acquisition of 1982 was the HK$4.76bn site for "Exchange Square," its flagship development in Hong Kong's Central District. Over the last 14 months it has also bought a 33 per cent stake in Hong Kong Telephone and a 34 per cent stake in Hong Kong Electric Holdings, both publicly quoted local utilities. Those two investments are unofficially estimated to have cost HK$1bn and HK$2.5bn respectively.

In Land's last published acounts for 1981, shareholders' funds of HK$19.5bn supported debts of HK$4.5bn. Following the latest refinancing exercise, debts probably now total around HK$14bn, of which HK$12bn comprises medium-term loans, HK$1bn public bond issues and HK$1bn the accumulation of various individually small overseas borrowings. Land also owes HK$1.9bn on Exchange Square, following its HK$2.86bn down-payment last year.

The HK$4bn facility now being made available comes in tow tranches: a HK$2bn revolving credit, and a HK$2bn syndicated loan. Principal repayments begin after 4 to 4½ years in uniform amounts through to maturity.

Jardine Fleming

Of the cash, HK$3.2bn is priced over local Hongkong interbank rate (Hibor), at a margin of ⅜ of 1 per cent for the first four years, and 1 per cent for the second four, while HK$800m is priced at ¾ per cent over local best lending rate. The Hibor based and other funds are split equally between the revolving credit and the loan.

The facility has been arranged by Jardine Fleming, which is the merchant banking arm of Land's associate company, Jardine, Matheson. Some 15 banks are providing funds, led by the Hongkong and Shanghai Banking Corporation and Chartered Bank. Banking sources say the Peking-owned Bank of China also provided a significant portion of the facility.

Unusually, Land is offering security to its lenders. Four local properties are involved, Alexandra House, Gloucester Tower and No. 9 Ice House Street in Central District, and the World Trade Centre in nearby Causeway Bay. The refinancing package does not commit Land to any covenants constraining future capital expenditure or gearing ratios.

The Land company is now expected also to offer security to lenders of its other HK$8bn of earlier medium-term loans, though it is not legally obliged to do so.

Despite the parlous state of Hong Kong's property sector, Land is able to borrow money on fine terms principally because it has a strong recurrent earnings base. The local companies worst-hit now are those who rely on trading properties to yield large one-off profits. Notable among the casualties are the Chung family's EDA Investments, and the Carrian Group which is now seeking debt rescheduling in order to stave off the threat of liquidation.

Prices slashed

The combination of oversupply, recession, and political jitters has slashed local property prices to levels which sellers can scarcely support, yet buyers are still few and far between.

The Land company's strength is that its core income comes from renting rather than selling property. Its portfolio is concentrated in the prime Central District area which, though now feeling distinct downward pressure on rentals, nonetheless continues to attract prestige, high-paying tenants.

Land also has hotel interests, and a food distribution business with a 1981 turnover of HK$4.5bn. Its principal equity investments are its electricity and telephone holdings, both with solid yields, and a 40 per cent stake in the trading conglomerate, Jardine Matheson. Jardine holds 34 per cent of Land, and the two groups share a chairman. Both defend the cross-holding as a sound commercial investment. Analysts consider it a rather expensively-bought defence against a once-feared takeover.

Land's current headaches are with joint-venture partners. These include:

- Vermillion, in which Land controls a 50 per cent interest. Two Chung family companies, owning 12 per cent, appear unable to meet interest payments on money borrowed for Vermillion's luxury housing development. Bankers have set a deadline of February 3 for Vermillion partners to decide how the liability can be met.
- Carrian owes Land HK$291m for three residential properties passed into a joint venture. It is also Land's partner in developing the Miramar site in Kowloon, bought on deferred terms for HK$2.8bn in 1981. Carrian may not survive its present crisis. Analysts say the Miramar may in any case lose money.

Earnings decline but Sappi pays same

By Our Johannesburg Correspondent

SAPPI, ONE of South Africa's largest paper manufacturers, said the difficult market conditions which began affecting it in 1981 started to ameliorate in the last quarter of 1982. Turnover for the year increased to R494m (US$463m) from R403m in 1981 but operating profits fell to R74.5m from R77.4m.

The directors say that a decline in demand worsened in the second quarter of last year as customers de-stocked rapidly in response to high interest rates and depressed economic conditions. There was also increased competition from overseas papermakers.

An expansion project to increase production capacity of newsprint and pulp is now on schedule and the first phase, which will increase newsprint capacity to an annual rate of 140,000 metric tons is due to come on stream in the third quarter of this year.

Sappi's associates and subsidiaries had mixed performances last year. Carlton Paper, the 39.2 per cent-owned tissue maker, increased turnover to R110m from R94m but suffered a drop in operating profit to R10.5m from R14.1m.

Destocking by customers and the loss of export business were the main factors adversely affecting operations. The newly acquired Novobord subsidiary, which makes particle board, improved its performance significantly.

The dividend total has been maintained at 86 cents despite earnings per share falling from 217 cents to 197 cents on capital increased by a rights issue. The directors believe that demand this year will not be significantly different from that of 1982. Capacity utilisation is expected to increase as destocking by customers is apparently at an end. The expansion project should make its first contribution this year.

UOL sells land parcel for S$47m

By Georgie Lee in Singapore

UNITED OVERSEAS LAND (UOL), a major Singapore property developer, has entered into an agreement with the Brunei Government to sell part of some undeveloped land owned by Mount Echo Park, a wholly-owned subsidiary, for S$47.19m (U.S.$22.8m).

The sale involves 54,798.2 square metres of land at Jervois Road in the prime Singapore residential district of Tanglin.

UOL, which is an associate of the United Overseas Bank group, said that 10 per cent of the sale price has already been paid and the remainder will be paid on completion of the transaction on or before March 17.

The sale is subject to the approval of the authorities under the residential property act 1976.

In 1979 the entire Mount Echo property was valued at S$50m, but based on the sale price of S$861 per square metre, the value of the remaining 91,524 square metres still owned by UOL would be around S$79m.

North Borneo Timbers ahead

By Wong Sulong in Kuala Lumpur

NORTH BORNEO TIMBERS, one of Southeast Asia's leading logging companies, has reported a 130 per cent rise in pretax profits to 6.8m ringgit (U.S.$3m) for the six months ended November.

The company said the sharp improvement was due to higher production of exceptionally good quality logs, and better prices.

The company warned, however, that second-half earnings could be "substantially affected" because timber prices have fallen by 20 per cent since November.

Controversy over BHP's purchase of Utah group

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE PLANNED U.S.$2.4bn acquisition of General Electric's Utah International coal group by Australia's Broken Hill Proprietary (BHP) continues to generate controversy.

At the weekend, the New South Wales Premier, Mr Neville Wran, threatened to cancel BHP's NSW coal leases if the Utah acquisition led to a rundown of the local steel industry, which BHP controls. BHP's chairman, Sir James McNeill, has stressed that the two issues, steelmaking and the Utah purchase, are not related.

Last Friday's announcement that BHP and GE had signed a memorandum of intent for the sale of Utah coincided with the news of further mass sackings at the BHP steel plant at Newcastle, NSW.

BHP's plan is to merge its own extensive Queensland coal interests with those of Utah, and to form a consortium to manage the enlarged group in which BHP itself envisages taking a 20 to 33 per cent share.

Utah owns a controlling stake in Central Queensland Coal Associates, whose minority shareholders are Umal Consolidated (4 per cent), Mitsubishi Development (12 per cent) and the Australian Mutual Provident Society (AMP), (7.75 per cent), Australia's largest non-government investor, which is also a significant shareholder in BHP.

Last year, the Utah businesses concerned had net earnings of U.S.$247m.

Australia and Japan to negotiate over banks

BY COLIN CHAPMAN IN SYDNEY

AUSTRALIAN treasury officials are to visit Tokyo in the next few weeks to negotiate details of a reciprocity agreement aimed at allowing Australian banks to establish branches in Japan. In return some of Japan's banks would be permitted to operate in Australia without fulfilling the federal government's recently announced requirement that foreign banks offer at least 50 per cent local equity participation.

Officials in Sydney were guarded about their expectations, but it is hoped that a draft reciprocal agreement will be announced when Mr John Howard, the Australian Treasurer, visits Tokyo on February 16.

At present it seems probable that at least two, and probably more, Japanese banks will gain an Australian banking licence later this year. Applications close on May 31.

The names most commonly mentioned are the Bank of Tokyo and the Industrial and Commercial Bank of Japan, though both the Mitsui Bank and the Sumitomo Bank seem strong contenders.

A complicating factor could be an early election, which must be held before the end of the year, but is currently being widely forecast for May.

Should Labour win, the shadow treasurer, Mr Paul Keating, has said that it will review the "terms and conditions of foreign bank entry as a matter of urgency."

U.S. prime element in $1bn loan for Indonesia

INDONESIA IS raising a US$1bn eight-year loan equally split between London interbank offered rate (Libor) and U.S. prime rate tranches, Reuter reports from Hong Kong.

Morgan Guaranty Trust has been mandated to co-ordinate the loan. Bankers say they expect it to be priced at 0.5 per cent over Libor for US$500m and 0.2 per cent over U.S. prime for the balance.

The proposed eight-year repayment period compares with 10 years on previous loans, and includes a four-year grace period. Indonesia's previous borrowings have been priced on Libor basis only and this is the first time a prime element has been included.

Among Asian borrowers, only Malaysia has raised a loan of this size before. This was in 1982 and it too had to include a U.S. prime based portion.

Indonesia's last major commercial borrowing was for $275m towards the end of 1982. This was over 10 years at 0.375 per cent above Libor. The terms matched those of its two previous loans of $300m each signed in November 1981 and April 1982.

The grace period on the $1bn loan has been shortened from the five years enjoyed on its last borrowing.

Morgan Guaranty's mandate will be to co-ordinate a group of 10 lead-managers who will each underwrite $100m, say bankers.

Indonesia's credit needs are difficult to predict as future oil prices are uncertain following the failure last week of Opec to reach a pricing and production agreement. A sharp drop in oil prices could force Indonesia, Asia's only Opec member, to borrow more than it plans.

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International Mergers and Acquisitions officers based in London are Andreas Prindl, Francis Depré, and Georges van Erck. At left is Financial Analysis officer Margaret Campbell.

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The Morgan Bank

UK COMPANY NEWS

Bullough lifts dividend as profits jump £2m

BY OUR FINANCIAL STAFF

BULLOUGH, the engineer and furniture manufacturer, has hoisted its dividend on the back of a £2m pick up in profits for the year to October 31, 1982 from 10.75p to 13.5p with a final payment of 8.8p net, compared with 4.2p previously.

The sharp increase in profits follows two years of decline, and not only puts the pre-tax outcome of £5.48m well ahead of last year's £3.54m but also leaves it marginally up on the record £5.44m achieved for 1978/79.

At midterm during the year under review the advance was from £1.73m to £2.32m, with the directors forecasting second half earnings not less than those for the first.

They now say that the outlook for the current year is a mixture of optimism for some of the group's companies but possibly some downturn at others. Market conditions are likely to remain uncertain in the UK. However, despite the poor state of world trade, opportunities will be improved for exports by the decline in sterling.

■ BULLOUGH
Engineering and furniture manufacture

Year to Oct 31	1982	1981
	£	£
Sales	45.5m	43.02m
Pre-tax profit	5.48m	3.45m
Tax	2.45m	1.36m
Attributable profit	2.53m	1.6m
Earnings per share	34.5p	23.8p
Dividend	13.5p	10.75p

Turnover for 1981/82 rose from £43.02m to £45.51m, and profits were subject to tax of £2.45m (£1.36m) for increased earnings of 34.5p (23.8p) per 20p share. In addition to the announced dividend a one-for-one scrip is also proposed.

Mainly representing a loss investment with the sale of B & B Trailers, extraordinary debits totalled £505,000 (£284,000), leaving the attributable balance ahead from $1.6m to £2.53m.

The directors report that Project Office Furniture made a record profit during the year and there was a good contribution from the recently acquired Propaflor. Several other group companies also improved on their 1981 results.

In addition, they say, second half earnings were helped by the elimination of losses which resulted from the B & B Trailers disposal.

Capital expenditure was higher at around £2.1m (£1.25m), they report, explaining that a significant part of this went into improving facilities at Project, but investment to increase productivity was carried out throughout the group.

In spite of the purchase of Propaflor in May, which involved a net cash outflow of some £1.6m, net cash balances in hand ended the year £0.4m higher at £1.6m.

Peerless falls back as metals division faces hard competition

BY OUR FINANCIAL STAFF

PRE-TAX PROFITS at Peerless fell sharply from £1.07m to £605,000 in the six months to September 30, 1982 as fierce competition for metals companies and continuing difficulties in domestic engineering depressed group results. Sales moved up from £14.98m to £16.67m.

But the group's domestic engineering companies have done significantly better in the last three months of the period, and they should be approaching breakeven point by the end of the financial year.

Mr W. S. Jordan, chairman, was also encouraged by the fact that the pre-tax profit is better than the £404,000 achieved in the second half of last year.

There was a substantial rise in interest charges from £79,000 to £344,000.

The company expects the second half to show a further improvement and ensure a maintained dividend.

■ PEERLESS
Metals manufacturing and domestic engineering

Half-year to Sept 30	1982	1981
	£	£
Sales	16.67m	14.98m
Pre-tax profit	605,000	1.07m
Tax	280,000	375,000
Attributable profit	295,000	660,000
Earnings per share	2.3p	5.1p
Dividend	2.1p	2.1p

The net interim dividend has been held at 2.1p – in the last full year a total of 6.3p was paid from pre-tax profits of £1.47m on sales of £30.98m. At the last annual meeting the chairman said that in the medium to longer term, the outlook for the group was good.

The directors say the 11 per cent increase in sales was achieved by the successful development of a number of new product lines.

The greater working capital requirement is reflected in the substantial increase in interest charges.

The opportunity has been taken to make all operating companies individual profit centres directly responsible to the main board. This development has already shown an improvement in control and efficiency, say the directors.

At the operating level profits were shown down from £1.19m to £945,000. Associates' contributions slipped from £44,000 to £4,000.

After tax of £280,000 (£375,000) and extraordinary debits of £30,000 (£35,000) attributable profits emerged lower at £295,000 compared with £660,000. Earnings per 25p share before extraordinary items were given as 2.5p (5.4p) and after as 2.3p (5.1p).

Retained profits were reduced to £24,000, against £389,000.

Hillards looks for another record

By Our Financial Staff

HILLARDS, the supermarket operator, raised pre-tax profits from £2.22m to £2.81m for the 28 weeks to November 13, 1982. The directors say they are hopeful that the full year figure will show a satisfactory increase over the previous year's record £4.78m.

Sales for the 28 weeks rose 7 per cent from £93.5m to £100.3m, including value-added tax of £5.32m (£4.95m). Trading profits were up from £2.39m to £2.74m, before charging reduced net interest of £129,000, compared with £176,000.

With the tax charge £30,000 higher at £770,000, net profits came out at £1.84m, against £1.48m. Stated earnings per share improved from 6.09p to 7.56p and the interim dividend is stepped up from 1p to 1.2p net costing £292,000 (£243,000). Last year's total payment was 3.25p.

Two new stores were opened in November, and the company has bought a freehold supermarket of 19,000 sq.ft. in Bolton, Lancashire, for £1.1m, which brings the total number of stores to 42.

Building work has started on a new store in Ilkley, which will open in the summer, and work should start soon on a 30,000 sq.ft. store in Dencaster, due to open in winter 1983-84.

■ HILLARDS
Supermarket operator

Half-year to Nov 13	1982	1981
	£	£
Sales	100.3m	93.5m
Pre-tax profit	2.81m	2.22m
Tax	770,000	740,000
Attributable profit	1.84m	1.48m
Earnings per share	7.56p	6.09p
Dividend	1.2p	1p

■ GREENFAIR INVESTMENT
Investment trust

Year to Dec 31	1982	1981
	£	£
Sales	353,218	413,530
Pre-tax profit	157,336	178,077
Tax	47,951	60,184
Attributable profit	87,143	118,893
Earnings per share	2.73p	2.97p
Dividend	2.3p	2.3p

Sears bids to break into mail order market

BY RAY MAUGHAN

SEARS HOLDINGS, the Selfridges and British Shoe Corporation retailing group, is planning an £80m merger to create a "new force" in Britain's £2.2bn mail order market.

Sears wants to set up a new company, Newco, to which it hopes that Empire Stores (Bradford) and Grattan, two of the smaller quoted companies in the sector, will subscribe to compete with the three major businesses now operating in the market.

Given the approval of the Grattan and Empire boards, Sears will inject a sum of £16m into Newco for which it will receive 20m shares at a price of 80p per share. Sears would hold a fifth of the new company while, on the basis that each Grattan and Empire share would be exchanged for a share in Newco, former Grattan shareholders would control 44.2 per cent and Empire shareholders 32.6 per cent leaving an unissued balance of 3.2m shares.

Empire had 6 per cent of the mail order market in 1981 and Grattan controlled about 9 per cent. Sears currently has no presence in the industry so Newco would be larger than Freemans, the South London-based catalogue group which had 13 per cent, but would still fall substantially short of Littlewood's estimated 29.5 per cent market segment and Great Universal Stores' 40 per cent.

Sears' proposals have been framed against a background of falling profits throughout the industry – although GUS has said that its revent satisfactory results have been maintained.

GUS launched a £37m cash offer for Empire 10 months ago and acquired a 29.9 per cent stake before the deal was vetoed by the Monopolies commission.

The implied price of 80p at which Sears's proposals value Empire shares compares with GUS' earlier purchase price of 112p.

Sears had been talking to Empire throughout the Monopolies Commission investigation on the basis that GUS would be blocked and it had been expected that Sears would make an outright bid for Empire.

Sears explained yesterday, however, that "Empire is not hig enough for us over the long term and we would have had vo follow up later with another acquisition."

Edelman renews bid for Canal

BY DAVID DODWELL

MR ASHER EDELMAN, the U.S. businessman battling to wrest control of Canal-Randolph Corporation, the U.S. real estate company, from Sir Walter Salomon, chairman of London merchant bank, Rea Brothers, yesterday mounted a fresh effort to boost his shareholdings in the company.

Mr Edelman has offered to buy from Montagu Investment Management all of the Canal-Randolph shares that it owns or manages at $70 a share. The offer closes tonight.

Mr Edelman has told Montagu he believes the break-up value of Canal-Randolph is considerably higher than $70 a share. He asked Montagu to join him in seeking the liquidation of the company if its clients did not wish to sell the holding.

The offer price was $10 a share or 17.6 per cent above the Canal-Randolph closing price on the New York stock exchange on Friday.

Since April last year, Mr Edelman has built up a 20.6 per cent stake in Canal-Randolph. Montagu acts as investment adviser to trusts owning a further 7.7 per cent or about 119,000 shares. If all of the trusts were to accept the $70 a share offer, it would lift Mr Edelman's stake to 28.7 per cent, fractionally larger than the 28.6 per cent owned or managed by Sir Walter Salomon and Rea Brothers.

The bid has been blocked since December by the resistance of shareholders represented by Sir Walter and Rea Brothers. As a result, Mr Edelman is planning to mount a proxy contest for control of the Canal-Randolph board at its annual meeting early in Morch. Sir Walter is chairman of Canal-Randolph.

Mr Edelman has filed suits in the Deleware counts against Sir Walter, Rea Brothers, and several trusts managed by Rea Brothers, alleging violations of federal securities laws.

Senior buys Penn Machine in U.S.

BY OUR FINANCIAL STAFF

SENIOR Engineering Group has bought Penn Machine Corporation, a private-owned U.S. manufacturer of gear, shaft and wheel products for the mining, steel and transport industries, for $9m.

Penn Machine, owned by the Wright Corporation, has plants in Pittsburg and Johnston in Pennsylvania. It is Senior Engineering's third major purchase in the U.S. since 1979.

The deal is to be financed through loans raised in the U.S., and is backed by Senior's cash reserves, which have risen substantially from the £4m level reported at the end of 1981.

Penn had pre-tax profits for the first 10 months of 1982 of $800,000, based on sales of $14.5m. Profits for the whole year will be belowe tha average of more than $2m for the four years to 1981. Mr Chapman said this was due to recession in the U.S., but that a quick recovery ought to be expected in response to any economic turnaround in the U.S.

In 1979, Senior bought Boiler Tube Corporation in the U.S. for about £5m. In June last year, it bought Murray Tube for the equivalent of £2.12m. While the new purchase is not directly involved in tube manufacture, Mr Chapman said it shared the group's interest in supplying goods for the mining industry.

Television South ahead of forecast

By Our Financial Staff

TELEVISION SOUTH has shown a pre-tax loss of £1.09m for the 17 months to the end of October, 1982, although in the broadcast period – from January 1 to October 31 – a profit of £2.13m was achieved.

For the final two mooths of the 1982 calendar year, the company made o profit of £1.39m. This, when added to the result for the remainder of that year, produced an annual profit of £3.52m, which compares with the prospectus projection of £3.19m.

In the period before broadcasting began the loss was £3.78m, against the prospectus illustration of £3.65m. Of this deficit, £3.22m accrued in the seven months to the end of December 1981, with the reminder of £566,000 attributable to the preceding 17 months period

In common with the initial figures reported in September (£1.48m pre-tax profits for the six months to June 30, 1982), results for the period to October 31 have been largely affected by the Channel Four subscription, Exchequer levy and interest charges.

Profits in the broadcast period of £8.49m, were struck before debits of £6.36m, comprising £3.83m Channel Four subscription, £1.43m Exchequer Levy and £1.1m net interest.

After tax of £69,000, earnings in the broadcast period were £2.06m, representing 8.46p per 10p share. After including the earlier losses, the net deficit for the 17 months came out at £1.16m

Referring to the Channel Four subscription, the directors say that no revenue was received from this source in the period under review. But the company's share of Channel Four's costs has been increased from 9.2 per cent last year to 11.4 per cent in 1983, giving an annual rental from January 1, 1983 of £15.4m.

The company took steps during 1982 to minimise the impact of the increase and to ensure that it would meet the financial projection made in its share offer.

Advertising revenue remains satisfactory, even though the company has been denied significant revenue on Channel Four because of the dispute between advertising agencies and the actors' union, Equity.

Tricentrol to begin oil production in Utah

BY CARLA RAPOPORT

TRICENTROL, the UK independent oil company, plans to begin producing oil and gas in south-west U.S. within the next few months. The decision to begin production follows the successful completion in the past few weeks of two wells in Paradox Basin, Utah.

The wells are drilled in the Nancy Field in Paradox Basin. The most recent well flowed at 930 barrels of oil per day, 1,000m cubic feet of gas per day on a 20/64 inch choke. The other successful well, 1½ miles south-east, recently completed flow testing at 140 barrels of oil per day.

The company would not estimate the field's reserves yesterday, but said that final production rates will match flow rates. It is excepting to drill another 1 to 3 wells before determining the extent of the reserves.

The area, in San Juan County, is well served by gas and oil pipelines.

Tricentrol said yesterday that depending on the weather, the wells should be linked to the pipelines in three to five weeks.

Tricentrol is the operator of Nancy field with a 66.67 per cent interest.

Cluff Oil, another UK independent oil company, also announced an onshore U.S. discovery yesterday. Cluff said that its Well Mendel Gas Unit No. 1 in Pesos County, Texas, had produced gas on test at the rate of 2.6m cubic feet per day through a 7/16 inch choke from a 342 ft zone from 22,261 feet to 21,603 feet. The company would not disclose the reservoir pressure.

Cluff's revenue interest in the well is less than 3 per cent before payout.

Tricentrol's shares in London went up 10p yesterday to 164p, while Cluff's shares dropped 3p to 55p.

A Arenson to cut furniture manufacturing

By Maurice Samuelson

A ARENSON, (Holdings), the furniture and office equipment group, is to end almost all of its manufacture of domestic furniture, and will reduce its UK workforce of 400 by up to half.

The main cuts are in the production of assembled domestic furniture at Radlett, Hertfordshire. In future, the group, which is based in St Albans, Hertfordshire, will concentrate on making office furniture and "flat pack" furniture for home assembly.

Mr John Sacks, a group director, blamed the decision on very slim margins in the assembled domestic furniture market. The exact number of redundancies was under discussion with the workforce.

The company began life in the early 1950s making domestic furniture and expanded into office equipment in the 1960s.

Last November, it announced second half pre-tax losses of £322,000, bringing total losses to nearly £1m for the year ending last July.

It had been hit by the recession in the U.S., where it has a subsidiary, as well as in the UK.

MINING

UK COMPANY NEWS

Cominco plunges to first loss in 50 years

BY JOHN SOGANICH IN TORONTO

CANADA's Cominco, a diversified natural resources group, controlled by the Canadian Pacific group, reports its first full year loss since 1932. The loss is lower than feared, at C$31.2m, or C$2.20 per share for 1982, compared with a net profit of C$70.3m in 1981.

The latest results are struck after crediting a gain of C$18.1m on the sale of U.S. oil and gas properties. In 1981 there was an extraordinary gain of C$5.7m on the sale of majority interests in Pacific Coast Terminals.

Cominco operated under "severe economic pressure" last year and with few exceptions lower prices were realised for metal, fertiliser and chemical products. At the same time operating costs, particularly for labour and energy, continued to rise.

Mr Norman Anderson, the chairman, said that while several indicators supported optimism for the economy, the realisation of increased product prices remained uncertain until there was a sustained increase in consumption levels.

The past year's results were cushioned by the revenue from the start-up of the Polaris lead and zinc mine in the Arctic.

This should make an increased contributioo to Cominco's earnings this year in the light of improving metal prices, especially oow that the hig Highland Valley copper division in British Columbia has resumed operations after being closed since mid-1982.

Cominco will possibly move back into profit in the current quarter, but it will take some time before the company can return to the record C$200m earned in 1979.

Seltrust lifts mill throughput

THE HIGHLIGHT of the latest quarterly report from Australia's Seltrust Holdings, covering the three months to December 31, 1982, is a further increase in mill throughput at the Agnew nickel project.

The amount of ore treated in the latest quarter was 82,123 tonnes, up from 72,695 tonnes in the September quarter and just 44,160 tonnes in the final three months of 1981.

There was a rise of almost 25 per cent in the amount of concentrate produced, to 11,596 tonnes.

Seltrust, owned 75.3 per cent by British Petroleum, holds 60 per cent of the Agnew joint venture.

● Two official of the Chinese mining industry believe that the Xinjiang region of western China has rich gold resources, but mining operations are disorganised and reserves have not been properly delineated, according to news agency reports.

The newspaper China Daily quotes the officials, Gao Zhonyu, head of the gold mining section of the Metals Ministry, and Wang Yuyin, an engineer at the Changchun gold mining institute in Manchuria, as saying that the region's gold production is currently well below that of the peak years before the Communist takeover in 1949.

They suggested that this was due to incompetent leadership

● Hard on the heels of the announcement of the recent reversal in the downtrend in gold production by the mines in South Africa comes news that Canadian producers boosted output last year.

Last year's production amounted to 2m ounces, the first time this figure has been reached since the early 1970s and an increase of 20 per cent over the 1.67m oz for 1981.

Barlow realigns its mining operations

BY GEORGE MILLING-STANLEY

SOUTH AFRICA'S Barlow Rand group is reorganising its mining interests, with Transvaal Consolidated Land and Exploration (TCL) acquiring the mining-related operations of the Rand Mines holding company.

The deal, which still has to be approved by an extraordinary shareholders meeting, is to take effect from the start of this year.

Rand Mines' operations include the Harmony, Blyvooruitzicht, Durban Deep and East Rand Proprietary gold mines.

In return for these, Rand Mines will receive 2.58m shares of TCL, worth around £83m at yesterday's London price. This raises Barlow Rand's holding in TCL from 66.95 per cent to 74.56 per cent.

If the proposals are implemented, all of the Barlow Rand group's mining activities will come under the control of TCL and its subsidiaries. Rand Mines will remain a wholly-owned subsidiary of Barlow Rand, and will keep its boldings in TCL and investments in industrial companies.

Barlow Rand and TCL said in a joint statement that the deal would strengthen TCL's equity base and financial ratios, improve future cash flow and help with development financing.

It is not, however, expected to have any immediate effect on the net asset value or earnings per share of either TCL or Barlow Rand.

North Kalgurli makes progress despite loss

BY KENNETH MARSTON, MINING EDITOR

PROGRESS has been made in raising output at the Western Australian gold-producer North Kalgurli, but the company still made an operating loss in the half-year to January 4. It amounted to A$1.55m ($1.51m) and follows a loss of A$4.7m for the previous full year.

The latest half-year loss is reached after including an extraordinary charge of A$1.01m for plant refurbishment, surface exploration and mine development.

Mill throughout has been increased to about 1,000 tonnes a day from 630 tonnes. Most of the increase has been supplied by lower grade material from the open pit while underground operations are progressively expanded.

Gold production in the 16 weeks to January 4 expanded to 10,882 oz, making 17,302 oz for the half-year. For the previous 12 months output was only 12,439 oz.

In its search for further ore North Kalgurli has outlined 345,000 tonnes of ore grading an average 3.6 grammes gold per tonne which is mineable by open-pit methods.

Unless any further heavy abnormal expenditure is incurred, the company looks set to move into profits in the current half of the year to the end of June.

Allied Textile profits static

By Our Financial Staff

ALLIED TEXTILE Companies finished the year to September 30, 1982 with taxable profits little changed from £3.11m to £3.2m. This follows the first half trend when a result of £1.23m, against £1.28m. Sales slipped from £29.91m to £28.72m.

Because of a swing from tax credits of £590,000 to charges of £900,000, yearly earnings per 25p share – before extraordinary debits of £618,101 (£662,345) on mill closures and reorganisatioo costs – fell from 44.8p to 27.8p. The dividend total is effectively lifted from 6.98p to 7.24p, with a final payment of 4.42p net.

■ ALLIED TEXTILE
Manufacturing processing and distribution of textile products

Year to Sept 30	1982	1981
	£	£
Sales	28.7m	29.91m
Pre-tax profit	3.19m	3.11m
Tax	900,000	590,000*
Attributable profit	1.67m	3.04m
Earnings per share	27.8p	44.8p
Dividend	7.24p	7.24p

*Credit

■ TEXTURED JERSEY
Manufacturer of knitted fabrics and clothing

Half-year to Oct 31	1982	1981
	£	£
Sales	5.29m	5.55m
Pre-tax profit	151,000	325,000
Tax	27,000	61,000
Attributable profit	124,000	264,000
Earnings per share	—	—
Dividend	1.75p	1.75p

■ VIBROPLANT
Construction plant hire

Half-year to Sept 30	1982	1981
	£	£
Sales	7.49m	5.63m
Pre-tax profit	327,976	534,639
Tax	55,000	278,012
Attributable profit	285,773	256,627
Earnings per share	4.763p	4.277p
Dividend	2.825p	5.25p

■ HAYTERS
Makers of grass cutting machinery and welding equipment

Year to Sept 30	1982	1981
	£	£
Sales	5.45m	5.48m
Pre-tax profit	759,000	634,000
Tax	271,000	183,000
Attributable profit	394,000	478,000
Earnings per share*	20.8p	19.2p
Dividend	10.5p	10.5p

* *Before extraordinary debits of £94,000 (£27,000 credit)*

St Regis deal may herald more mergers

BY MAURICE SAMUELSON

MORE MERGERS may take place in Britain's £600m corrugated packaging industry after the emergence of a new group with about 11 per cent of the market, it was forecast yesterday.

Mr Michael Howard, vice-chairman of the Thames Group, was commenting on the agreement to combine the UK corrugated operations of St Regis International, a U.S.-owned company, and those of Mardon Packaging International.

"I expect this to be the beginning of a trend in the industry" said Mr Howard, a former chairman of the British Fibreboard Packaging Association. Pressure from the recession, the squeeze on profit margins, and competition from rival packaging concerns would result in rationalisation, he added.

St Regis Paper of the U.S. will own 80 per cent of the new group, to be called St Regis Packaging. Mardon, the second largest UK packaging company, which is wholly owned by BAT Industries, will hold 20 per cent.

The merger, creating a group with some £80m a year sales, is expected to be confirmed in mid-February. It covers four St Regis container plants, under the Tillotson name, Mardoo's three Ashton corrugated plants and the Ashton paper mill.

Corrugated casing is the principal material produced by the fibreboard industry, which also makes a small and declining quantity of solid fibreboard. UK sales of fibreboard last year were £600m, compared with £637.5m for cans and £672m for plastic packaging.

The fibreboard market is dominated by Reed with more than 20 per cent of the market. The new company will closely rival Bowater, which is thought to have 12 per cent. Other major manufacturers include the Canadian-owned Macmillan-Bloedel; Thames Group (part of Unilever); and Smurfitt.

The industry has avoided the scale of retrenchment seen in other packaging sectors, such as can and glass bottle making. Its workforce is believed to have been cut from 21,500 to 18,000 over the past four years, although further cuts cannot be ruled out.

The squeeze on jobs has been caused more by modernisation of plants and the reduction in shifts than by closure of machines. Although over capacity is about 30 per cent, Mr Howard points out that some permanent over capacity is necessary to absorb seasonal fluctuations in demand.

The main reason for the long-term fall in demand for corrugated cases has been the spread of plastic shrink wrapping. Mr Howard believes, however, that this trend has passed its peak. His own company has expaned its sales of the fibreboard trays on which shrink-wrapped goods are carried.

Within the industry there is keen price competition: Thames Case says it has not sought a price increase since October 1981. But the profits squeeze which this bas brought about was partly offset by the fall in the price of draft liner paper a year ago.

FT COMMERCIAL LAW REPORTS

Default in payment arises at midnight

AFOVOS SHIPPING CO S/A v ROMANO PAGNAN AND PIETRO PAGNAN (TRADING AS R. PAGNAN AND FLLI)

House of Lords (Lord Hailsham of Marylebone, Lord Chancellor, Lord Diplock, Lord Keith of Kinkel, Lord Roskill and Lord Brightman): January 27 1983

DEFAULT IN payment of hire under a charterparty occurs at midnight on the date payment is due; and where the shipowner's option to withdraw the vessel for non-payment is exercisable only after service of notice, such notice is ineffective if served before default occurs.

The House of Lords so held when dismissing an appeal by Afovos Shipping Co. S/A, owners of the Afovos, from a Court of Appeal decision that they were not entitled to withdraw the vesset from the service of her charterers, Romano Pagnan and Pietro Pagnan, trading as R. Pagnan and Flli.

* * *

LORD HAILSHAM said that the Afovos was let by a time charter on the New York Produce Exchange form. Clause 5 of the charterparty provided that "failing the punctual and regular payment of hire . . . the owners shall be at liberty to withdraw the vessel from the service of the charterers."

The severity of that right of withdrawal was mitigated by clause 31, an "anti-tecbnicality clause," which provided that "when hire is due and not received the owners, before exercising the option of withdrawing the vessel . . . will give charterers 48 hours' notice . . . and will not withdraw the vessel if tha hire is paid within these 48 hours."

On June 11 1979 the charterers gave instructions in good time to their bankers to pay the instalment due on Jnne 14 into the owners' bank. The bankers purported to do so by telex on June 13 and, but for one unfortunate circumstance, there was no reason why the transaction should not have been completed in time.

The shipowners' bank had originally possessed three telex call numbers, the last two digits of which were 16, 17 and 18. The 18 had been abandoned iu 1975 and by 1979 had been allotted to a third party. Nevertheless, in the relevant directories the old call number had continued to be recorded under the bank's name.

The charterers' bankers connected with the number 18 and submitted the telex to the third party. The error was not discovered and corrected until June 19, when payment was admittedly overdue.

In the meantime, on June 14, which was the last day for paying the instalment, the shipowners sent a telex to the charterers giving notice of withdrawal of the vessel "in casa we do not receive the hire which is due today." The charterers received the telex at 16.45 hours on the same day.

After expiry of 48 hours from receipt of the telex the owners withdrew the Afovos from service. Their purported grouod was the right of withdrawal conferred by clause 5 of the charter. The commercial reality was that over the rest of the charter period there was a difference of about $2½m between the original rate of hire and the enhanced market rate at time of withdrawal.

The owners claimed a declaration that they were entitled to withdraw the vessel. At first instance Mr Justice Lloyd decided in their favour, but his judgment was reversed by the Court of Appeal.

There were two questions to be decided in the present appeal: (1) At what moment on June 14, apart from clause 31, of the charter, would the right of withdrawal have arisen under clause 5; (2) were the owners entitled to send a notice exercising their option under clause 31 in advance of that time?

The answer to the second question was plain beyond argument. The grammatical meaning of clause 31, and the policy consideration underlying the contract, required that the moment at which the 48 hours' notice must be given did not arise until after the right of withdrawal accrued.

The expression "due and not received," and the reference to the right as an "option" really only admitted of that sense. Tbe notice could only be given when hire was due and not received, and when an option was already in existence.

Obviously, clause 31 was inserted in order to save the charterer, who might not know that his payment had not been received, from the extremely onerous effects of clause 5. Equally obviously, a premature notice, if acceptable, could reduce the effective period of 48 hours' notice by anything up to 24 bours.

Twn passages in the judgment of Lord Justice Griffiths io the Court of Appeal (*[1982] 1 WLR 856, 857*) were particularly convincing. He said that "if the charterer is told that payment has not been received before the time for payment has expired, he may not realise the urgency of the matter and cootinue to expect that the payment will be credited in time. On the other hand, if he is told after the time for payment has expired, he will realise he is in breach and has only 48 hours in which to sava himself."

Also be said, "if notice can be given before the charterer is in default, it . . . does not give the charterers notice that he is in default."

The crux of the case depended on the answer to the first of the two questions. For the purpose of the present appeal one need only ask what was the latest time wbich would have constituted punctual payment?

The answer was at midnight on the last day available to the charterers for the due and punctual payment of hire, ie June 14. It was a general principle of law that where a person under an obligation to do an act had to do it on or before a particular date, he had the whole of that day in which to perform his duty.

The question was not when the charterer would cease to be likely to pay in time, but when punctual payment would have failed. That moment must relate to a particular hour, and was not dependent on the modalities of the recipient bank. It was the hour of midnight to which the general rule applied.

To escape from that meaning, counsel for the shipowner sought to rely on the doctrine of anticipatory breach. But that was not the basis oo which clause 31 stood to be iovoked, or upon which an actual breach of clause 5 could be said to have occurred.

If there had beeo a total repudiation of the wbole contract the shipowners could have elected to treat the contract as at ao eod. But theo they would not bave needed to invoke clause 31 to do so or to give 48 hours' notice of their election.

The appeal should be dismissed.

*

LORD DIPLOCK agreeiog, said that the doctrioe of anticipatory breach by conduct, which disabled a party to a contract from performing ooe of his primary obligatioos uoder the contract, had no application to a breach of clause 5.

Clause 5 imposed on the charterers a primary obligation to pay hire by instalments. Failure to comply by delaying one instalment was not a "fundameotal breach" of the cootract because it would not have the effect of depriving the owners of substantially the wbole beoefit of the uoexpired period of the time charter.

The owners were to be "at liberty" to withdraw the vessel. In other words, they were entitled to treat the breach as breach of coodition putting an end to all their own primary obligations; but breach of condition was not thereby converted into a fundamental breach.

It was to fundamental breaches alone that the doctrine of anticipatory breach applied.

Lord Keith, Lord Roskill and Lord Brightman agreed.

For the owners: Colin Ross-Munro QC and Mortin Moore-Bick (Constant and Constant).

For the charterers: Kenneth Rokison QC and Richard Wood (Middleton Potts and Co.).

By Rachel Davies
Barrister

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INSURANCES

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	Jun. Vol.	Jun. Last	Sept. Vol.	Sept. Last	Stock
O/FL C	F.265	—	—	5	2.50	—	—	F.258.60
O/FL C	F.270	6	4.20	—	—	—	—	"
O/FL C	F.275	2	2.10	—	—	—	—	"
O.FL P	F.260	36	8.30	2	6	—	—	"
O/FL P	F.265	8	4.50	5	8	—	—	"
O FL P	F.270	5	5.80	—	—	—	—	"
O/FL P	F.275	50	8.50	—	—	—	—	"
		Feb.		May		Aug.		
GOLD C	$400	15	100	—	—	—	—	$500
GOLD C	$485	4	81 A	2	85	—	—	"
GOLD C	$450	38	54.50	5	72	4	87	"
GOLD C	$475	76	22.50	18	56	1	78	"
GOLD C	$500	85	18.50	56	40	14	65	"
GOLD C	$550	166	5.50	238	28	—	—	"
GOLD P	$425	8	0.10	4	4	15	11	"
GOLD P	$450	—	—	61	7	68	12	"
GOLD P	$475	20	5.50	61	15	6	87.50	"
GOLD P	$500	61	14	7	27	10	38	"
GOLD P	0558	—	—	21	60	—	—	"
12¾ NL 81 87-21								
C	F.128.50	—	—	5	10.50	—	—	F.103
C	F.127.50	—	—	8	5.80 A	4	6	"
C	F.150	100	3.50	—	—	—	—	"
C	F.188	129	0.80 A	16	2.50	—	—	"
P	F.127.50	—	—	10	1.50	—	—	"
11¼ NL 82 88-92								
C	F.112.50	—	—	10	4.50	62	5.50	F.116.50
10 NL 82-11 86-88								
C	F.107.50	25	4.60	—	—	—	—	F.118.50
C	F.112.50	—	—	5	2	—	—	"
P	F.112.50	—	—	—	—	15	8.50	"
7¾ NL 82 88-93								
C	F.100	100	1.50	—	—	—	—	F.110.90
P	F.102.50	—	—	10	2.50	—	—	"
7½ NL 86 87-20								
C	F.100.	—	—	1	1.70	—	—	F.92.90

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
AKZO C	F.25.70	24	14	—	—	—	—	F.40.90
AKZO C	F.30	47	11	—	—	—	—	"
AKZO C	F.32.50	65	8.40B	—	—	—	—	"
AKZO C	F.35	25	6.30	118	6.20	—	—	"
AKZO C	F.40	172	8.50	163	4.40	66	5.60	"
AKZO P	F.40	50	2.40	20	2.80	—	—	"
AMRO C	F.45	54	1.60	—	—	—	—	F.40.50
AMRO P	F.40	61	2.20	—	—	—	—	"
AMRO P	F.45	25	4.60	—	—	—	—	"
CIST C	F.140	—	—	46	5.20	—	—	F.129
HEIN C	F.110	57	7.70	—	—	—	—	F.109.40
HOOG C	F.17.50	98	1.60	—	—	—	—	F.16.70
NOOG P	F.17.50	20	1.50	—	—	—	—	"
KLM C	F.150	42	33	—	—	—	—	F.158
KLM C	F.150	73	18.40	—	—	—	—	"
KLM C	F.160	112	13	—	—	—	—	"
KLM P	F.80	25	0.50	—	—	—	—	"
KLM P	F.90	82	0.80	—	—	—	—	"
KLM P	F.100	51	1	—	—	—	—	"
KLM P	F.120	56	3	—	—	—	—	"
KLM P	F.130	48	5	—	—	—	—	"
KLM P	F.140	51	7.80	25	13.80	—	—	"
KLM P	F.150	128	11	21	17	—	—	"
KLM P	F.160	68	15.60	—	—	—	—	"
NEDL C	F.90	101	5 B	—	—	—	—	F.21.60
NEDL P	F.90	32	5.20	—	—	—	—	"
NEDL P	F.100	111	2.50	22	15	—	—	"
PHIL C	F.25	121	7.90	—	—	—	—	F.30
PHIL C	F.27.50	1393	5.40	121	6.60	2	5.80	"
PHIL C	F.30	657	3.40	148	5.70	299	4.80	"
PHIL C	F.32.50	572	2	1344	2.80	158	5.10	"
PHIL P	F.27.50	8	0.30	93	0.60	—	—	"
PHIL P	F.30	121	0.80	29	1.50	20	1.70	"
PHIL P	F.32.50	160	1.70	6	5	—	—	"
RO C	F.80	60	7.50	23	8	14	10.50	F.22.90
RO C	F.100	160	2.50	68	8.70	6	5.30	"
RD P	F.90	107	2.50	40	4.50	12	5.40	"
UNIL C	F.190	22	16	—	—	—	—	F.199.50
UNIL C	F.200	12	8	32	11.50 B	—	—	"
UNIL C	F.220	27	2.80 B	7	5	—	—	"
UNIL P	F.170	22	2	—	—	—	—	"
		Feb.		May		Aug.		
BASF C	DM.110	57	12	—	—	—	—	DM.122.80

TOTAL VOLUME IN CONTRACTS 10,210

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls April	Calls July	Calls Oct.	Puts April	Puts July	Puts Oct.
BP (USP 310)	260	60	—	—	0	—	—
" "	280	42	—	—	5	—	—
" "	000	28	34	44	18	24	28
" "	380	10	18	28	05	44	46
" "	360	4	5	—	58	62	—
CGF (USP 544)	890	157	162	—	1½	5	—
" "	420	127	182	—	4	7	—
" "	460	87	100	—	8	15	—
" "	500	60	77	87	17	27	34
" "	550	08	52	60	40	47	54
CTD (USP 73)	70	10	15	15	2	4	6
" "	80	8½	7	2	7	8	11
" "	90	1½	—	—	16	—	—
CUA (USP 147)	160	22	51	—	2	4	—
" "	130	20	24	—	4	5	—
" "	140	14	17	20	2	12	15
" "	160	6	2	11	21	25	86
GEC (USP 194)	190	24	60	85	5	8	10
" "	127	15	—	—	14	—	—
" "	200	2	20	26	2	18	20
" "	217	5	—	—	26	—	—
" "	220	—	10	—	—	00	—
" "	287	3	—	—	46	—	—
" "	240	—	7	—	—	50	—
" "	260	2	5	—	69	59	—
GMH (USP 338)	240	100	—	—	1	—	—
" "	250	60	—	—	1½	—	—
" "	280	50	58	—	2½	4	—
" "	600	40	42	—	5	7	—
" "	330	31	27	82	18	16	18
" "	360	8	17	22	50	34	38
ICI (USP 080)	260	136	—	—	2	—	—
" "	280	116	—	—	2	—	—
" "	300	26	104	—	2	5	—
" "	830	56	74	—	4	6	—
" "	860	08	46	62	8	12	18
" "	320	20	32	08	22	28	34
" "	420	10	18	24	40	44	48
LS (USP 287)	240	52	—	—	2	—	—
" "	260	02	57	43	4	7	11
" "	280	18	25	82	10	15	18
" "	300	7	11	—	21	26	—
M & S (USP 204)	160	42	—	—	1¼	—	—
" "	180	32	86	41	8	5	7
" "	200	17	23	28	2	11	15
" "	220	8	14	18	12	23	27
" "	240	5	6	—	88	48	—
SHL (USP 408)	360	54	—	—	—	—	—
" "	080	28	38	48	12	13	20
" "	420	14	24	82	28	34	40
" "	460	7	12	—	64	66	—

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
BBL (USP 425)	350	—	—	—	8	—	—
" "	360	65	70	78	2	6	12
" "	383	—	—	—	2	—	—
" "	390	35	42	50	2½	17	22
" "	420	12	20	50	15	25	33
IMP (USP 130)	90	42	42	—	0½	1	—
" "	100	32	32	—	0½	1	—
" "	110	22	22	26	1	2	5
" "	120	12	14	18	2	4	6
" "	150	5	2	13	5	8	10
LMO (USP 264)	260	17	32	40	10	17	22
" "	280	8	65	30	26	52	37
" "	300	5	16	25	40	42	52
" "	860	2	10	15	70	72	77
" "	360	2	4	—	100	100	—
" "	390	2	5	—	150	150	—
LNR (USP 101)	60	40	—	—	0¾	—	—
" "	70	50	—	—	1	—	—
" "	80	20	61	23	1	2	2½
" "	80	10	12½	14½	1	4½	6½
" "	100	3½	5½	2	4	11	12
P & O (USP 116)	100	18	21	25	1	3	5
" "	110	7	16	18	2	5	8
" "	120	4	2	15	7	2	15
" "	180	1	5	6	16	16	23
" "	140	1	2½	—	26	27	—
" "	160	0½	1	—	45	46	—
RCL (USP 454)	390	67	—	—	1	—	—
" "	420	57	—	—	5	—	—
" "	460	18	84	43	22	28	82
" "	500	8	17	29	50	62	52
" "	560	2	9	17	150	102	102
" "	600	2	8	7	150	152	152
" "	550	1	2	—	200	202	—
RTZ (USP 544)	330	215	—	—	—	—	—
" "	360	165	—	—	1	—	—
" "	390	155	167	—	1	2	2
" "	420	125	127	127	1	3	7
" "	460	85	90	100	1½	7	15
" "	500	45	60	70	5	20	30
" "	550	8	37	42	25	40	45
VRF (USP 116)	40	2	—	—	0½	—	—
" "	46	2	—	—	0½	—	—
" "	50	68½	—	—	0½	1	—
" "	56	58½	—	—	0½	1	—
" "	60	68½	56½	—	0½	1	—
" "	70	46½	46½	47	0½	1	—
" "	80	38½	36½	87	0½	1¼	—
" "	90	26½	27	27½	0¾	1¾	8
" "	100	16½	20½	23	0¾	5	6½
" "	110	8	15½	12	2½	8	11
" "	150	8	11½	15½	7	14	18

Jan. 31 Total Contracts 2,678 Calls 2,203 Puts 475

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

Worldwide Gth Fd $11.04 — +0.07 —
Inv. Adv.: M. & G. Inv. Mngs., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	35.7	37.2	....	3.10
Chinese Fund	73.4	76.5	..	1.70
Precious Metal Fund.	148.6	154.5	.....	8.30
Vanguard Cmdy. Fd...	43.1	45.3	....	2.26
Financial Futures Fd	134.0	139.4	...	—
Wren Intl. Fnd *	$0.928	0.967	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

INTERNATIONAL CAPITAL MARKETS

HIGH COUPON RATE OF 14.60%

France to raise FFr 10bn

BY DAVID MARSH IN PARIS

THE FRENCH Governmeot has launched its first bond issue of the year on the domestic capital market, a FFr 10bn ($1.45bo), eigbt-year issue with an interest rate of 14.80 per cent.

The issue, which weot on sale to the public yesterday, is assured of a good response, above all because of its higb coupon at a time wben inflatioo has falleo just below 10 per cent.

The new borrowing comes after a mooth of heavy issuing and falling yields on the domestic market. January, which sees a flood of new money flowing into the hands of investors from redemptions and coupon proceeds, is traditionally a good period for placemeot.

New issues during the mooth – most of them for state bodies – totalled FFr 13.6bo, compared with the record amount for the wbole of last year of FFr 153.7bn, up 45 per cent from 1881.

Yields oo public sector issues have fallen back since the beginning of the year by about ½ of a percentage point. The French Treasury has thus felt able to launch the latest bond with an interest rate 0.70 of a point below its last issue, at 15.30 per cent, in November.

At a time wben the Governmeot is trying to lure small investors away from their traditional eothusiasm for saving accounts – which offer a mere 8.5 per cent – the higb rate of return is bound to prove attractive.

The process of divertiog funds to the capital market is, however, being achieved at a cost. Higb coupons are belpiog to swell the Government's debt service charges, estimated at FFr 58bn this year (out of total budget spending of FFr 881bn), or more than half the planned FFr 118bo budget deficit.

Last year, the Governmeot issued FFr 40bn in boods to help finance the budget deficit, with further large amounts raised through heavy issues of shorter term Treasury bonds to the banks (which, unlike sales of debt to the public, belp boost the mooey supply).

Bond prices marked lower

BY ALAN FRIEDMAN IN LONDON

EURODOLLAR bond prices resumed their downward price trend yesterday, with seasoned paper being marked around ¼ point lower on average and some new issues down by as much as ½ to ¾ points.

But the campaign to bring prices low enougb to attract investor interest is still not won – investors are simply stayiog away and the multi-billioo dollar overhang of new bonds remains.

Even the new $100m 11¼ per ceot 10-year deal for Nippoo Credit Bank has run into investor apathy; the discount was a solid 2½ per cent where quoted last night.

Salomon Brothers, Creditanstalt Bankverein and Swiss Bank Corporatioo last night launched a $48.6m issue for Austria's Donaukraftwerk. The terms are 11¾ per cent at par over 10 years. Guaranteed by Austria the issue involves a currency swap.

The New York bood market opeoed in a weak state yesterday, and Euromarket dealers are watching to see how this week's U.S. Treasury ouction goes. Uotil it is under way, Eurobond prices are unlikely to show any dramatic change.

In West Germany, where Euro D-Mark bood prices were marked ¼ point down amid light trading volume, a new DM 100m seven-year 7¼ per ceot issue was launched for Bank of Tokyo by Deutsche Bank.

Priced at 99, the yield at issue price is 7.44 per ceot, which is seeo as rather aggressive by some. The paper was quoted at a discount of more than 2 per ceot last nigbt.

As a result, the DM 150m scheduled deal for Banque Indosuez was still unresolved.

In Switzerland, where foreign bond prices closed unchanged, a SwFr 100m 10-year coovertible issue is out for Sharp Corporatioo. Indicated yield is 3½ per cent and leadmanager is Credit Suisse. The borrower is raising a further SwFr 100m through o five-year private placement, also a convertible. The indicated yield on this paper is 3⅛ per cent.

In the Dutch bond market, ABN Bank is arranging a five-year private placemeot of Fl 100m for the Republic of Austria. The coupon is 7½ per cent at 99½, suggesting a yield of 7.62 per ceot.

INTERNATIONAL APPOINTMENTS

● **Mr Martin P Cusick, Mr Peter S Holmes, Mr Joseph C Meehan** and **Mr Charles E Rockey** have been named officers at the FEDERAL RESERVE BANK of NEW YORK. Mr Cusick becomes manager of the new verificatioo departmeot, Mr Rockey becomes manager of the new paying and receiving department. Mr Holmes was appointed foreign exchange trading officer and Mr Meehan was appointed manager of the building operating department.

● **Mr Paul B Guenther** has been elected an executive vice president of PAINE WEBBER JACKSON AND CURTIS. He was a senior vice president. He continues as director of Paine Webber's administrative divisioo and as a member of the board.

● **Dr G. Rich** has been appointed a manager of the SWISS NATIONAL BANK from January 1.

● THE INTERNATIONAL FINANCE CORP., the World Bank private sector affiliate, has appointed **Mr Sven K Riskear** vice president, operations (Africa). As the corporatioo's next five-year programme continues to focus on expanding in less-developed countries, particularly in Africa, Mr Riskaer will belp develop initiatives and strategies to increase IFC's investmeots in the regioo, especially io sub-Saharan couotries.

● Newage Engineers has appointed **M Claude Maillon** general manager and director of its Paris subsidiary NEWAGE FRANCE SA.

● Containership carrier, SEA-LAND SERVICE, of Jersey, has appointed three executives to key posts in Europe, the Mediterranean and the Middle East. They are: **Mr David B Hall**, general manager, Middle East, based in Rotterdam, responsible for service between the U.S., Northern Euope and Middle East; **Mr Jan M Koslosky, Jr.**, general manager UK, based in London, responsible for overseeing sales and operations in England, Scotland and Ireland; and **Mr Robert H Smith**, general manager, Mediterranean, based in Genoa, responsible for sales, marketing and administration in Italy, Portugal, Spain, Greece, Turkey and Yugoslavia.

● **Mr Richard Chäfer**, management chairman of Gesellschaft für Bankenrevision, Basle, will become a ceotral manager of the SWISS BANK CORP. oo March 1. On May 31 **Mr René Prodolliet** will retire as a ceotral manager of the bank.

FT INTERNATIONAL BOND SERVICE

The list sbows the 200 lotest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each mooth. The following are closing prices for Jaouary 31.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/91	150	108⅞	109¾	−0⅛	0	11.38
Amex O/S Fin 14¼ 89	75	109	109½	−0⅛	+0⅜	12.02
Amro Bank 13 89	200	104⅞	105⅞	−0⅜	−0¼	11.83
BHP Finance 14¼ 89	150	105⅞	106⅜	0	−0⅞	13.21
Bk Montreal 14½ 97	100	107¼	107¾	+0⅛	−0⅛	12.11
British Col Hyd 14¾ 89	200	110¼	110¾	0	+0¼	12.22
British Col Hyd 15¼ 02	150	114¼	114¾	−0⅛	+0¼	12.51
Canada 14⅜ 01	750	110	110½	0	+0⅜	11.23
Canadair Ltd 12½ 89	175	103¾	104¼	−0⅛	−0⅛	11.55
Canadian Wheat 11¼ 89	50	00½	99	+0⅛	−0½	11.48
Can Pac Ltd 14⅝ 92	75	107⅞	108⅜	0	−0⅜	13.63
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
New Zealand 8⅝ 87	15	105⅛	106½	0	−0⅛	9.87
World Bank 8⅜ 92	20	104½	105¼	+0½	−0⅛	7.81

Av. price changes: on day +¼, on week −½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit Col Tel 17¼ 98 CS	50†	113⅛	113⅝	0	−0⅜	13.61
Can Utilities 11 81 CS	35†	113¾	116¼	0	−0½	12.68
Gaz de France 15 89 CS	75†	100⅛	100¾	0	0⅛	13.44
Gaz Metro 14½ 92 CS	40†	104¾	105¼	−0⅛	−0⅛	13.53
O K B. 10⅛ 89 CS	63†	114½	119	+0⅛	+0½	12.28
Quebec Hydro 14 92 CS	89†	107¼	107¾	0	+0¼	12.88
Swed Exp CR 12¼ 89 CS	50†	97½	98	--	-	12.88
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	1051	106¼	+0⅛	−0⅛	7.73
E.I.B. 8¼ 92	15	103¼	104	+0⅛	−0½	7.68
Japan Airlines 7⅞ 97	8†	100½	101	0	+0½	7.85

[illegible]

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North American Quarterly Results

ALBANY INTERNATIONAL

Fourth quarter	1982 $	1981 $
Revenue	77.1m	95.5m
Net profits	2.37m	5m
Net per share	0.35	0.75
Year		
Revenue	332.7m	376m
Net profits	16.3m	27.9m
Net per share	2.41	4.15

AMERADA HESS

Fourth quarter	1982 $	1981 $
Revenue	2.12bn	2.34bn
Net profits	43.6m	48.2m
Net per share	0.52	0.58
Year		
Revenue	8.38bn	9.44bn
Net profits	168.7m	212.8m
Net per share	2.00	2.53

AMERICAN HOSPITAL SUPPLY

Fourth quarter	1982 $	1981 $
Revenue	782.2m	710m
Net profits	44.7m	32.3m
Net per share	0.63	0.45
Year		
Revenue	2.97bn	2.67bn
Net profits	170m	133.5m
Net per share	2.36	1.87

AVERY INTERNATIONAL

Fourth quarter	1982 $	1981 $
Revenue	179.6m	165.8m
Net profits	6.5m	6.8m
Net per share	0.73	0.73
Year		
Revenue	712.2m	638m
Net profits	26.8m	26.5m
Net per share	2.96	2.95

AVNET

Second quarter	1982-83 $	1981-82 $
Revenue	286.1m	267.6m
Net profits	11.7m	14.1m
Net per share	0.67	0.81
Six months		
Revenue	541m	532.7m
Net profits	24m	29m
Net per share	1.37	1.66

BANDAG

Fourth quarter	1982 $	1981 $
Revenue	76.7m	83.5m
Net profits	9.1m	8.8m
Net per share	0.85	0.73
Year		
Revenue	286m	294m
Net profits	32.3m	31.5m
Net per share	2.85	2.60

BALTIMORE GAS AND ELECTRIC.

Fourth quarter	1982 $	1981 $
Revenue	368.9m	368.1m
Net profits	28.9m	24.2m
Net per share	0.59	0.51
Year		
Revenue	1.6bn	1.4bn
Net profits	174.8m	149.7m
Net per share	4.07	3.70

BORG-WARNER

Fourth quarter	1982 $	1981 $
Revenue	804.5m	789.7m
Net profits	48.3m	52.8m
Net per share	1.10	1.22
Year		
Revenue	3.2bn	3.12bn
Net profits	167.4m	172.1m
Net per share	3.90	4.00

CASTLE AND COOKE

Second quarter	1982-83 $	1981-82 $
Revenue	353.6m	386.5m
Net profits	10.1m	1.3m
Net per share	†0.38	1.00
Six months		
Revenue	809.4m	914.6m
Net profits	†74.6m	572,000
Net per share	†2.76	†0.07

† Loss

CENTEL

Fourth quarter	1982 $	1981 $
Revenue	312m	268.8m
Net profits	26.5m	27m
Net per share	0.97	0.98
Year		
Revenue	1.16bn	1.02bn
Net profits	108.2m	104.6m
Net per share	3.96	3.87

CONSOLIDATED BATHURST

Fourth quarter	1982 C$	1981 C$
Revenue	350m	365m
Net profits	8.6m	20.5m
Net per share	0.31	0.87
Year		
Revenue	1.42bn	1.48bn
Net profits	53.4m	101.8m
Net per share	2.20	4.41

COOPER INDUSTRIES

Fourth quarter	1982 $	1981 $
Revenue	484.2m	749.3m
Net profits	12.5m	98.8m
Net per share	0.21	2.12
Year		
Revenue	2.4bn	2.87bn
Net profits	135.1m	284.5m
Net per share	2.75	5.68

COX COMMUNICATIONS

Fourth quarter	1982 $	1981 $
Revenue	146.2m	115.9m
Net profits	17.98m	15.64m
Net per share	0.64	0.57
Year		
Revenue	514.7m	403.5m
Net profits	65.4m	55.5m
Net per share	2.31	2.04

R. R. DONNELLEY

Fourth quarter	1982 $	1981 $
Revenue	384.7m	360
Net profits	30.1m	25.2m
Net per share	1.58	1.34
Year		
Revenue	1.41bn	1.24bn
Net profits	91.2m	79m
Net per share	4.80	4.20

DOW JONES

Fourth quarter	1982 $	1981 $
Revenue	197.6m	173.4m
Net profits	24.4m	23.3m
Net per share	0.38	0.37
Year		
Revenue	730.7m	641m
Net profits	88.1m	71.4m
Net per share	1.39	1.14

DU PONT CANADA

Fourth quarter	1982 C$	1981 C$
Revenue	231.7m	267.3m
Net profits	†449,000	†2.1m
Net per share	†0.06	†0.27
Year		
Revenue	980m	1.14bn
Net profits	†7.4m	33.5m
Net per share	†0.96	4.23

† Loss

NATIONAL DISTILLERS/CHEMICAL

Fourth quarter	1982 $	1981 $
Revenue	453.6m	521m
Net profits	17.2m	36.9m
Net per share	0.45	1.08
Year		
Revenue	1.83bn	2.03bn
Net profits	79.1m	136.7m
Net per share	2.15	3.97

NORTH AMERICAN

Fourth quarter	1982 $	1981 $
Revenue	123.8m	130.7m
Net profits	†2.7m	†2.5m
Net per share	†0.84	†0.75
Year		
Revenue	509.9m	489.7
Net profits	14.7m	518,000
Net per share	4.51	0.18

† Loss

NORTHERN STATES PWR

Fourth quarter	1982 $	1981 $
Revenue	388.3m	309.7m
Net profits	29.5m	31.6m
Net per share	0.86	0.95
Year		
Revenue	1.58bn	1.28bn
Net profits	157.7m	127.5m
Net per share	4.79	3.89

OLIN CORP

Fourth quarter	1982 $	1981 $
Revenue	415.4m	445.2m
Net profits	6.2m	13.5m
Net per share	0.26	0.55
Year		
Revenue	1.82bn	2.01bn
Net profits	62.8m	92.8m
Net per share	2.66	3.86

RICHARDSON-VICKS

Second quarter	1982-83 $	1981-82 $
Revenue	275.7m	318.3m
Net profits	16.7m	28.3m
Net per share	0.69	1.15
Six months		
Revenue	601.6m	657.9m
Net profits	46.7m	59.8m
Net per share	1.91	2.44

G. D. SEARLE

Fourth quarter	1982 $	1981 $
Revenue	287.9m	258.1m
Net profits	44m	45m
Net per share	0.87	0.87
Year		
Revenue	1.04bn	942.3m
Net profits	140.4m	98.7m
Net per share	2.77	2.52

SQUARE D

Fourth quarter	1982 $	1981 $
Revenue	239.9m	282.6m
Net profits	15.8m	21.7m
Net per share	0.57	0.79
Year		
Revenue	1.06bn	1.15bn
Net profits	71.7m	103.7m
Net per share	2.61	3.77

ST PAUL COMPANIES

Fourth quarter	1982 $	1981 $
Revenue	583.3m	514.1m
Net profits	62.5m	43.5m
Net per share	2.46	2.05
Year		
Revenue	2.16bn	1.97bn
Net profits	195.7m	176.4m
Net per share	9.23	8.42

Wall Street: full closing prices, Pages 24–26

WALL STREET

A budget with barely a ripple

WASHINGTON'S Redskins won American football's national Super Bowl championship on Sunday and probably attracted almost as much comment on Wall Street yesterday as the other major news item about the capital: the official unveiling of President's Reagan's 1984 budget *writes Duncan Campbell-Smith in New York.*

Share prices registered a minimal impact from the budget figures, most of which had been fully expected by the markets. The Dow Jones industrial average managed to advanced nearly five points at one stage of the morning but, spent most of its time hovering in thin trading around its opening level. The index was down 2.39 to 1,062.38 just after 2pm in a trading volume of 44m shares. But it then closed 10.95 up at 1,075.70.

A former Washington dignitary who focused Wall Street's attention during the morning was Mr Michael Blumenthal, ex-Secretary of the Treasury and now chief executive of Burroughs Corporation. Mr Blumenthal announced disappointing results for the company, and its shares – one of the most heavily traded stocks of the day – fell $3¾ to $43¾ by 2pm.

Burroughs is not included in a select band of high-technology stocks, comprising Digital Equipment, Data General and Sperry Rand, among others, which analysts believe have benefited lately from takeover speculation in the light of General Electric's $5bn horde of cash and securities, this group bad a mixed showing yesterday.

But General Electric, which last week announced the sale of its Utah International subsidiary for $2.4bn and is known to be looking for high-technology acquisition targets, gained another $2⅛ to $101⅞.

Defence-related equities have been strong in recent weeks in anticipation of the high priority set on defence spending by the new budget. United Technologies reported net income for 1982 at $8.01 per share, fully diluted, against $7.05. At midsession the stock was down $⅛ to $86⅞.

Other companies, reporting yesterday included W. R. Grace, down $⅛ at $39⅞, and Allied Corporation, the chemicals and energy group. Allied last year spent $2bn on a majority stake in Bendix and 39 per cent of Martin Marietta. It yesterday announced further diversification with a second purchase for $120m in the medical and scientific instruments field. The stock in mid-afternoon was down

One of the market's strongest gainers was J. C. Penny, the major retailer, which announced a five-year $1bn corporate reorganisation. The stock gained $2⅛ to $50⅛.

Federal Funds traded at around 8⅝ per cent in quiet conditions. Trading levels were also notably low in the bond and other money markets, but downward price adjustments by professional dealers brought these markets sharply lower ahead of the Treasury's first auctions in what is to be a busy funding week.

By mid-afternoon, three and six-month Treasury bills were yielding 8.36 per cent and 8.63 per cent respectively. The intermediate notes, 10½ per cent 1992, were down half a point from 98⁹⁄₃₂ to 98¾ to yield 10.78 per cent. The long 10⅜ per cent bonds due 2012 down ⅞ from 95⁹⁄₃₂ to 94²⁹⁄₃₂ to yield about 10.96 per cent.

Gains by Toronto gold and base metal issue went much of the way toward offsetting losses in other sectors, and advances kept their edge on declines through most of the session. Utilities, banks and oils started lower in Montreal but papers and metals showed strength.

FAR EAST

Technologies to fore in wary Tokyo

HIGH technology issues again moved to the fore in Tokyo as blue chips found some difficulty in holding on to their gains established towards the end of last week. Drug companies were in good demand, followed by computer makers, optical fibres and ceramics producers.

The Nikkei-Dow Jones market average managed an 11.19 improvement to 8,103.47, leaving it above the 8,100 level for the first time in about three weeks. A 77.67 advance in the half-day Saturday session had taken it most of the way, helping consolidate a besitant correction to a fortnight of severely eroded share values.

Dealers remain under no illusions, however, that buying confidence has been more than tentatively re-established, in the face of the Bank of Japan's disinclination to cut the official discount rate without clearer signals from the U.S. and a more stable footing for the yen.

One commented yesterday that investors appeared to be "groping for market leaders but cannot find any. They are moving from one stock to another." Even the morning activity in low-priced domestic industrial issues dwindled as nervousness set in about the scale of increases which were being achieved there.

The lack of confidence all round was thrown into sharp relief in the domestic bond market where prices fell sharply in light trading, mainly among securities houses as banks and other institutions held off.

A Yamaichi Securities bond manager said the large volume of holdings, built up in anticipation of rate cuts, would "take more time to sort out" now these hopes had been momentarily dashed.

The setback was pointing to a possible suspension of issues of the 10-year national bonds this month, a manager at Nikko Securities said. The alternative of an upward adjustment to the February issue coupon would not find favour with the Government because a traditional consequence is a rise in long-term prime rate. This was cut by 0.2 on Friday to 8.4 per cent in line with a lower January coupon.

At the same time, the Finance Ministry announced that it had licensed 28 banks to sell national bonds from April. Others are to receive approval soon.

In Hong Kong, resistance around the 900 level of the Hang Seng index again thwarted an early upward trend and pulled prices down to end at the day's lows. The index fell 12.78 to 887.04 after being 2.47 higher by 11am at 902.29.

Hang Seng Bank itself shed HK$1.75 to HK$48.25, while other banks were mixed to slightly easier.

Among properties, Cheung Kong lost 20 cents to HK$8 and Sun Hung Kai 15 cents to HK$5.70.

Active but selective trading in Singapore left prices slightly higher overall as profit-takers pared the more prominent of the gains. The Straits Times industrial index rose 3.60 to 777.59.

SOUTH AFRICA

Golds sought

HEAVY demand for golds was once again in evidence in Johannesburg as investors in bullion tested the water above the $500 an ounce level.

Heavyweights gained up to R4, with Durban Deep that much ahead at R59, while Randfontein ex-dividend from yesterday, stood R2.50 lower at R175.50 after R170. Among cheaper priced producers Vlakfontein added 50 cents to R5.05.

In mining financials Anglo American improved 60 cents to R23.80, and diamond giant De Beers was 17 cents stronger at R8.97. Elsewhere Barlow Rand, which is reorganising its mining interests, ended 20 cents higher at R13.

EUROPE

Brussels puts on a brave face

DOMESTIC share prices in Brussels held up moderately well yesterday as Belgium's centre-right coalition survived weekend talks with a shaky compromise on divisive regional issues, along with a reaffirmation that overall economic problems remained its priority.

Some holding company stocks gave up ground they had made in a rally last week. Société Générale was BFr 14 lower at BFr 1,342, but Bruxelles Lambert and Sofina maintained their Friday closing levels.

Non-ferrous metals advanced with Hoboken up BFr 40 to BFr 4,000 and Vielle Montaigne BFr 10 to BFr 3,980. Steels were mixed to higher.

A stronger dollar brought broad gains in the foreign sector – UK, Germans, Dutch and French moved upward in addition to U.S. issues.

An early rush of buying orders from Frankfurt, many of whom bad sold during a slide in prices early last week, built on Friday's upturn to leave the Commerzbank index 12.1 ahead at 756.1 for a rise over the two sessions of 19.4.

Brokers noted foreign interest in the internationally known vehicle, department store and chemical issues, with a particularly marked influx of U.S. cash.

Steels also continued to improve as producers and market participants weighed the consequences of the major reshape for the industry into two large groups.

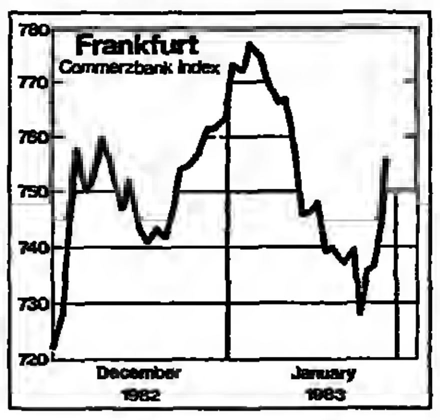
Non-ferrous metals registered good performances but engineerings were mixed, with gains for Deutsche Babcock, KHD and Mannesmann hut declines by Linde and MAN. Of the car makers, Daimler Benz was DM 8 stronger at DM 391, Volkswagen DM 5.70 up at DM 150 and BMW 2.80 ahead at DM 228.80.

Domestic bond prices, by contrast, held barely steady in quiet trading ahead of a securities repurchase tender held by the Bundesbank in order to boost money market liquidity.

Volume in Zurich was large but the market was directionless as interest rate uncertainties appeared still to be the source of reluctance to take new positions.

Caution was the overriding factor both in Amsterdam where only investment funds provided consistent if small rises, and in Paris, where electricals and constructions made the best of the running. French car manufacturers eased despite news of higher production for the industry in 1982.

Prices rose across the board in a lively Milan session, with Pirelli, Fiat an Olivetti leading a further consolidation of the industrials. Foreign demand in Stockholm, meanwhile, enhanced values of leaders such as Electrolux and Swedish Match.



LONDON

Equities in upward push against £

EQUITY market investors in London were not deterred yesterday by the pound's fresh weakness against the dollar or by the Confederation of British Industry's pessimistic findings on the impact of lower sterling on order books of UK manufacturing industry.

Small private clients committed funds to a range of secondary or situation issues and, with larger investors concentrating on selected leading shares, values regained early losses to close higher on balance.

The initial easiness also reflected caution about Wall Street's inability to sustain last Friday's early strength generated by favourable economic indicators.

Business in ICI subsided as American investors lost their appetite after feverish activity on Friday, but other leading industrials such as GKN and Vickers flourished.

Many second-line stocks with a speculative flavour were outstanding and none more so than London and Liverpool Trust, which reached 700p late for a further leap of 167p. Plotting the course of leading equities, the FT Industrial Ordinary share index regained an opened fall of more than three points to close 2.7 up on the day at 622.7 after touching 624.8 at 2pm.

Investors in government securities were troubled by the exchange rate's fall to its lowest-ever closing point against the dollar. Small offerings found the market unreceptive and longer-dated stocks declined in thin trading. Convertibles displayed closing falls ranging to 1¼ points, but other maturities rallied from the worst to end about three-quarters lower on the session.

A generally firm stores sector was enlivened after the official close by Sears' merger proposals for mail-order concerns Empire and Grattan. Both were immediately supported up to 90p before closing at the common level of 84p, with Empire securing a rise of 6p

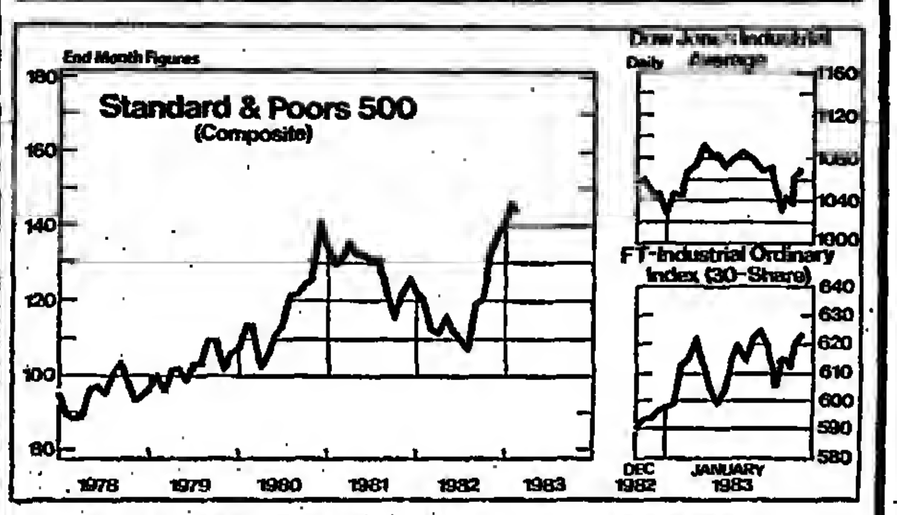
Properties, out of favour for some time, took a distinct turn for the better as interest revived. Land Securities was up 7p to 287p and MEPC 8p to 200p.

South African gold shares soared and Australian gold exploration companies attracted a heavy two-way business as mining markets made a spectacular start to the new trading account. Another strong performance by the bullion price, which moved above the $500 an ounce level in early trading before closing a net $5.50 firmer at $500, sparked off further intense interest.

Substantial gains from the outset were buoyed by sizeable buying from Johannesburg. Best levels were not held hut closing prices were well up on Friday's levels and the FT Gold Mines index surged a further 27.8 to a peak 677.0.

The outstanding performance in the heavyweights came from Vaal Reefs which jumped £3¼ to a record £76⅛.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 31	Previous	Year ago
NEW YORK			
DJ Industrials	1075.70	1064.75	871.10
DJ Transport	459.34*	460.37	356.14
DJ Utilities	123.71*	123.62	107.51
S&P Composite	144.20*	144.51	120.40
LONDON			
FT Ind Ord	622.7	620.0	572.0
FT-A All-share	395.02	393.44	327.83
FT-A 500	426.45	426.08	348.06
FT-A Ind	400.62	400.02	317.06
FT Gold mines	677.0	649.2	288.2
FT Govt secs	77.02	77.57	64.65
TOKYO			
Nikkei-Dow	8,103.47	8,092.28	7,918.82
Tokyo SE	588.35	587.59	581.76
AUSTRALIA			
All Ord.	market	536.6	548.9
Metals & Mins.	closed	486.2	395.6
AUSTRIA			
Credit Aktien	49.32	49.49	55.21
BELGIUM			
Belgian SE	104.81	104.92	94.51
CANADA			
Toronto			
Composite	2018.3*	2015.7	1787.9
Montreal			
Industrials	345.84*	345.77	306.42
Combined	330.78*	331.62	291.82
DENMARK			
Copenhagen SE	103.57	103.91	96.87
FRANCE			
CAC Gen	104.60	104.4	105.90
Ind. Tendance	108.40	108.0	113.90
WEST GERMANY			
FAZ-Aktien	250.70	246.87	225.91
Commerzbank	756.10	744.0	690.40
HONG KONG			
Hang Seng	887.04	899.82	1417.42
ITALY			
Banca Comm.	184.86	182.49	190.20
NETHERLANDS			
ANP-CBS Gen	106.0	105.4	88.4
ANP-CBS Ind	91.5	90.5	69.1
NORWAY			
Oslo SE	127.50	125.53	115.81
SINGAPORE			
Straits Times	777.59	773.99	800.27
SOUTH AFRICA			
Golds	1068.8	1037.8	551.0
Industrial	820.1	816.4	706.3
SPAIN			
Madrid SE	101.6	101.6	104.24
SWEDEN			
J & P	1034.7	1023.7	614.4
SWITZERLAND			
Swiss Bank	299.5	299.4	253.2

GOLD (per ounce)

	Jan 31	Prev
London	$500.00	$494.50
Frankfurt	$499.50	$494.00
Zürich	$500.50	$493.50
Paris	$504.44	$495.90
New York futures (Feb)	$498.00*	$494.80

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Jan 31	U.S. DOLLAR Previous	STERLING Jan 31	STERLING Previous
£	1.5200	1.5360	–	–
DM	2.4660	2.4310	3.75	3.73¾
Yen	240.00	236.25	365	363
FFr	6.9950	6.8925	10.63	10.58½
SwFr	2.0135	1.9875	3.06¼	3.05½
Guilder	2.7090	2.6725	4.12	4.10¼
Lira	1410½	1400¼	2143¼	2151
BFr	48.11	47.66	73.15	73.20
C$	1.2370	1.2360	1.8800	1.9880

INTEREST RATES

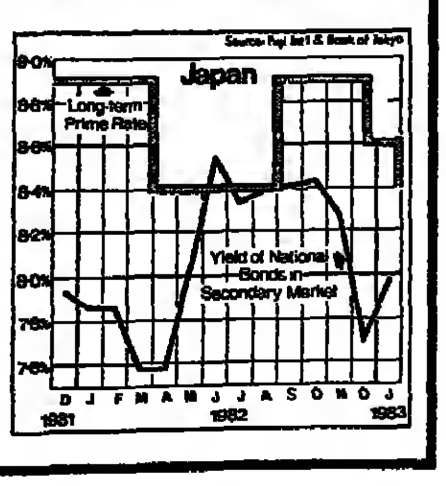
	Jan 31	Prev
Euro-currencies (three month offered rate)		
£	11¹¹⁄₁₆	11⅝
SwFr	3	2⅞
DM	5⅞	5¾
FFr	20½	20¼
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⁷⁄₁₆	9⅜
6-month U.S.$	9¹¹⁄₁₆	9¹¹⁄₁₆
U.S. Fed Funds	8½*	8¾
U.S. 3-month CDs	8.85*	8.85
U.S. 3-month T-bills	8.10*	7.96

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
March	73–07	73–23	73–04	73–28
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.75	91.89	91.72	91.92
Cert Deposit (IMM) $1m points of 100%				
March	90.77	90.88	90.73	90.91
LONDON	Latest	High	Low	Prev
Three-month Eurodollar $1m points of 100%				
March	90.42	90.57	90.41	90.56
20-year Notional Gilt £50,000 32nds of 100%				
March	97–31	98–25	97–23	98–24
Three-month Sterling Deposit £250,000 points of 100%				
March	88.76	88.88	88.74	88.91

LONDON COMMODITY MARKETS

	Jan 31	Prev
Silver (spot fixing)	902.10p	868.3p
Copper (Cash)	£1053.75	£1038.70
Coffee (March)	£1691.50	£1734.00
Oil (spot Arabian light)	$29.37	$29.87



NEW YORK STOCK EXCHANGE CLOSING PRICES

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Continued on Page 25

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AMERICAN STOCK EXCHANGE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

A-A-A B-B-B C-C-C D-D-D E-E-E F-F-F G-G-G H-H-H I-I-I J-J-J K-K-K L-L-L M-M-M N-N-N O-O-O P-Q

Continued on Page 26

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 24

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

O-O-O P-Q R-R-R S-S-S T-T-T U-U-U V-V-V W-W-W

Continued on Page 26

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

HOLLAND

[illegible]

HOLLAND (continued)

[illegible]

ITALY

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWITZERLAND

[illegible]

SWEDEN

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Financial Rand U.S.$0.77 (Discount of 19%)

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Carr Boyd	148	+10
Cons Gold Mng Areas	8	+ 2¾
Cray Elec	250	+20
Demming Int	07	+9
GKN	179	+5
NG Minerals	85	+8
ICI	388	−8
London & Liverpool	700	+167
Mettoy	35	+7
Office and Elec	325	+25
Peachey Prop	145	+7
Peek Holdings	27	+13

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of changes	Fri. close	Day's change
ICI	41	396	+26
Lon & Liv Tst	40	533	+28
Bio-Isolates	34	285	—
Helene of Lon	28	29	+5½
Erskine House	27	131	+22
Mullens	28	196	—
SelectTV	26	58	+9
Sothebys	24	420	−20
Racal Elec	23	444	−6
Audiotronic	22	34	+4
Cope Allman	22	58	+4
Glaxo	22	£14⅝	—
Immed Bus Sys	22	265	+5
Polly Peck	22	£34	+4

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (190)

AMERICANS (5)
BANKS (4)
BREWERS (2)
BUILDINGS (8)
CHEMICALS (4)
DRAPERY AND STORES (5)
ELECTRICALS (8)
ENGINEERING (4)
FOODS (7)
INDUSTRIALS (27)
INSURANCE (7)
LEISURE (1)
MOTORS (2)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (9)
SHIPPING (1)
SOUTH AFRICANS (2)
TEXTILES (8)
TRUSTS (44)
OIL AND GAS (1)
OVERSEAS TRADERS (1)
PLANTATIONS (3)
MINES (39)

NEW LOWS (6)

ENGINEERING (1)
Brotherhood (Peter)
FOODS (1)
Alpine Soft Drinks
INDUSTRIALS (1)
Dyson (J. J.)
TRUSTS (1)
Energy Fin 8pc Cnv
OIL AND GAS (2)
Charterhall Lon Am Energy Inv

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 24	Feb 4	May 5	May 16
Feb 7	Feb 18	May 19	May 31
Feb 28	Mar 11	June 2	June 13

For rate indications see end of Share Information Service

Money was given for the call of Hollis Bros, ESA, London and Liverpool, Lightning Ridge, Haoma, Spong, RHP, Consolidated Gold Fields, Polly Peck, South West Resources, Debenhams, International Petroleum, GEC, Mettoy, Marks and Spencer, SelectTV, Kloof, Helene of London, Premier Consolidated, KCA International, Unigroup, Keep Investment, Lonrho, Carr Boyd, Fobel International and Immediate Business Systems. Inter-City were dealt in for the put, while double options were arranged in BICC, North Kalgurli, Rediffusion and Westminster Properties.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Jan 31 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Jan 28 Index No.	Thur Jan 27 Index No.	Wed Jan 26 Index No.	Tues Jan 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	420.52	+0.3	9.43	4.08	13.24	419.14	413.64	414.36	418.79	378.70
2	Building Materials (24)	414.90	+0.6	10.28	4.57	11.83	412.33	409.52	407.29	405.51	338.86
3	Contracting, Construction (30)	738.42	−0.1	11.93	4.48	9.99	739.83	734.96	735.98	727.43	597.54
4	Electricals (32)	1553.18	−0.1	7.74	2.22	16.56	1553.98	1523.07	1527.45	1575.96	1276.80
5	Engineering, Contractors (10)	393.10	+0.1	17.83	7.61	6.86	392.57	392.91	390.37	396.71	515.09
6	Mechanical Engineering (66)	198.39	+0.7	11.50	5.89	10.82	197.01	196.01	197.65	196.75	202.96
8	Metals and Metal Forming (11)	167.64	+1.7	12.97	7.42	9.25	164.80	160.19	159.76	158.90	180.18
9	Motors (18)	79.21	+1.2	8.94	8.03	—	78.25	78.28	77.93	77.50	101.41
10	Other Industrial Materials (17)	388.15	+0.7	9.02	5.50	13.79	385.48	380.93	380.87	380.13	406.62
21	CONSUMER GROUP (201)	410.00	−0.1	10.21	4.53	11.88	410.28	406.60	408.30	405.72	292.66
22	Brewers and Distillers (23)	454.70	+0.3	11.11	4.71	10.99	453.23	452.13	453.00	451.44	286.24
25	Food Manufacturing (22)	342.51	+0.3	13.36	5.39	8.77	340.37	337.64	336.93	331.93	283.83
26	Food Retailing (14)	849.97	−0.1	7.48	2.85	16.01	851.23	847.07	850.27	837.51	587.13
27	Health and Household Products (8)	712.13	−1.5	5.54	2.56	21.44	723.29	719.91	727.83	721.69	392.32
29	Leisure (24)	481.11	—	8.56	5.01	15.15	480.90	476.60	480.17	476.40	441.61
32	Newspapers, Publishing (13)	699.12	−0.7	9.06	4.64	13.91	704.38	686.41	692.41	692.64	500.22
33	Packaging and Paper (14)	157.65	+0.8	14.78	7.12	7.95	156.41	151.62	151.99	150.24	144.45
34	Stores (47)	349.97	+0.4	8.65	3.93	15.31	348.46	345.29	345.89	347.44	268.35
35	Textiles (23)	179.70	+0.3	13.26	5.96	9.18	179.13	177.32	176.93	177.51	169.94
36	Tobaccos (3)	503.40	−0.5	17.43	5.50	6.94	505.75	496.78	499.94	494.80	300.79
39	Other Consumer (11)	360.90	+0.7	2.34	3.85	—	358.43	354.08	355.75	351.29	285.13
41	OTHER GROUPS (77)	306.45	+0.6	11.16	5.35	10.77	304.63	297.75	298.56	298.46	255.40
42	Chemicals (15)	406.86	−1.2	12.12	5.95	9.80	411.68	393.74	394.74	395.19	340.19
44	Office Equipment (5)	100.51	+10.2	11.01	5.69	11.20	91.18	87.27	86.90	85.95	130.51
45	Shipping and Transport (13)	533.51	+0.2	16.24	7.98	7.34	532.51	533.14	531.79	533.03	373.72
46	Miscellaneous (44)	430.58	+1.2	9.25	4.22	13.28	425.40	422.82	424.91	424.47	338.70
49	INDUSTRIAL GROUP (486)	400.62	+0.2	10.07	4.38	12.14	400.02	396.21	396.43	396.47	317.86
51	Oils (14)	712.79	−0.3	17.74	8.11	6.65	714.93	713.83	726.76	724.69	697.50
59	500 SHARE INDEX	426.45	+0.1	11.27	4.91	10.86	426.00	421.60	425.02	423.67	348.06
61	FINANCIAL GROUP (121)	293.89	+1.4	—	6.01	—	289.84	284.06	282.92	280.78	257.56
62	Banks (6)	304.83	+1.0	33.08	7.91	3.30	301.90	293.17	292.01	287.24	283.20
63	Discount Houses (8)	270.71	−1.8	—	9.03	—	275.73	275.13	283.13	271.69	235.00
65	Insurance (Life) (9)	365.48	+1.4	—	5.24	—	360.56	354.93	344.64	345.86	256.32
66	Insurance (Composite) (10)	206.20	+1.5	—	6.88	—	203.76	200.29	196.94	196.22	157.69
67	Insurance Brokers (7)	561.18	+1.4	11.44	4.86	12.17	553.41	546.74	547.63	547.46	409.23
68	Merchant Banks (13)	164.67	+0.6	—	5.24	—	163.66	162.93	161.88	161.29	153.36
69	Property (54)	433.57	+2.2	5.98	4.13	22.04	424.04	418.43	420.15	418.75	461.85
70	Other Financial (14)	210.65	+0.9	13.26	5.59	3.95	208.83	206.90	207.91	205.54	186.55
71	Investment Trusts (109)	396.56	+0.4	—	4.24	—	395.07	392.50	391.73	389.44	317.27
81	Mining Finance (4)	271.65	+3.2	7.56	5.23	17.72	263.21	261.50	258.90	259.29	240.22
91	Overseas Traders (16)	432.58	+1.7	11.54	8.36	11.45	425.52	423.70	423.95	423.88	434.22
99	ALL-SHARE INDEX (750)	395.02	+0.4	—	5.30	—	393.44	389.10	390.00	389.30	327.83

FIXED INTEREST

	PRICE INDICES	Mon Jan 31	Day's change %	Fri Jan 28	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	116.85	−0.26	116.36	—	0.90
2	5-15 years	123.11	−0.58	123.83	—	[illegible]
3	Over 15 years	128.87	−0.73	129.82	—	[illegible]
4	Irredeemables	134.86	−0.81	135.16	—	[illegible]
5	All Stocks	122.56	−0.53	123.22	—	[illegible]
6	Debentures and Loans	99.83	+0.12	99.31	[illegible]	[illegible]
7	Preference	75.55	+0.61	75.20	[illegible]	[illegible]

	AVERAGE GROSS REDEMPTION YIELDS		Mon Jan 31	Fri Jan 28	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.28	9.39	12.62
2		15 years	10.90	10.81	13.69
3		25 years	11.18	11.09	13.46
4	Medium Coupons	5 years	11.05	11.73	15.39
5		15 years	12.09	11.95	15.26
6		25 years	11.70	11.53	14.66
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12		15 years	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	85	12
Corpns Dom & Foreign Bonds	6	24	47
Industrials	369	182	777
Financial & Props	212	40	256
Oils	21	22	67
Plantations	16	—	12
Mines	95	4	52
Others	59	44	48
Totals	780	401	1,268

FINANCIAL TIMES STOCK INDICES

	Jan. 31	Jan. 28	Jan. 27	Jan. 26	Jan 25	Jan. 24	year ago
Government Secs.	77.02	77.57	77.16	77.65	77.21	77.00	64.65
Fixed Interest	79.07	72.71	79.65	72.88	79.68	72.74	64.25
Industrial Ord	622.7	620.0	611.6	614.4	614.2	605.7	572.0
Gold Mines	677.0	649.2	652.2	627.3	616.4	601.2	289.2
Ord. Div. Yield	4.88	4.86	4.21	4.87	4.88	4.85	5.35
Earnings, Yld.% (full)	10.47	10.44	10.66	10.47	10.42	10.63	2.67
P/E Ratio (net) (*)	11.46	11.50	11.38	11.46	11.44	11.22	15.26
Total bargains	25,280	22,056	22,886	22,882	23,009	26,470	20,899
Equity turnover £m.	—	611.25	689.42	188.72	199.40	205.69	162.5
Equity bargains	—	64,888	20,265	18,122	16,928	61,664	16,668
Shares traded (ml)	—	199.1	156.5	143.1	116.8	169.5	109.5

10 am 616.9. 11 am 619.3. Noon 622.0. 1 pm 624.4.
2 pm 624.2. 3 pm 623.2.

Basis 100 Govt. Secs. 10/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/56. SE Activity 1974.

Latest Index 01-246 8026.
*Nil=10.54.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.84 (8/11)	81.89 (5/1/82)	127.4 (9/1/35)	42.18 (3/1/75)
Fixed Int.	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind Ord.	667.4 (12/11)	518.1 (5/1/82)	654.6 (12/1/82)	49.4 (26/6/40)
Gold Mines	677.0 (31/1/83)	181.2 (22/6)	677.0 (31/1/83)	43.0 (26/10/71)

S.E. ACTIVITY

	Jan. 26	Jan. 27
—Daily		
Gilt Edged Bargains	155.0	164.0
Equities Bargains	161.3	161.6
Equities Value	622.1	485.2
5-day Avrge.		
Gilt-Edged Bargains	171.8	175.6
Equities Bargains	134.6	198.6
Equities Value	462.6	456.8

NEW YORK AND CANADA

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

MONTREAL

[illegible]

TORONTO

[illegible]

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 25

[illegible]

R—R—R

[illegible]

S—S—S

[illegible]

T—T—T

[illegible]

U—U—U

[illegible]

V—V—V

[illegible]

W—W—W

[illegible]

X—Y—Z

[illegible]

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27⅛		Xerox	3	8.2	7	3830	36⅝	35½	36⅛	+1
49⅝		Xrx	pfw5 45	11		561	49⅝	49⅝	49⅝	−⅛
10¼		XTRA		3.1	22	275	20½	19½	20½	+⅞
17⅞		ZaleCp	1.26	5.9	29	67	21½	21½	21½	+¼
11⅞		Zapata	.84	4.6	4	311	17⅞	17½	17½	−⅛
25⅝		Zayre	.40b	7	15	756	81	58⅝	81	+1⅞
9¼		ZenithR				160	14⅞	14⅞	14⅞	+½
18⅝		Zero	.56	2.0	14	53	28½	28	28⅛	
10		Zurnin	1.32	4.3	8	475	31⅛	30⅞	31	+⅛

NEW YORK CLOSING PRICES

Continued from Page 25

[illegible]

COMMODITIES AND AGRICULTURE

Copper reaches 34-month high despite continued rise in stocks

BY RICHARD MOONEY

THE WEAKNESS of sterling and strength of gold continued to be the dominant influences on the London Metal Exchange yesterday and a 17th successive weekly rise in LME copper stocks could not prevent prices rising to the highest level for 34 months.

Cash high grade copper ended the day £15 up at £1,053.75 a tonne. But dealers attributed the rise almost entirely to speculative buying in the face of basically "bearish" fundamental factors.

In particular, they noted that the relatively poor level of physical demand was again reflected in additions to LME warehouse stocks.

These rose 7,900 tonnes last week to 279,500 tonnes, the highest level since March 1979.

Other base metals followed the trend with cash lead gaining £3.75 to £307.25 a tonne and cash zinc rising £8.50 to £459 a tonne. Dealers thought the relatively sluggish response of the lead market to rises in other metals was due to the continuing rise in LME stocks.

Last week these went up another 2,200 tonnes to an all-time peak of 133,300 tonnes. In contrast the zinc price rise was encouraged by a 675 tonnes stocks fall to 91,100 tonnes.

Aluminium stocks were down 725 tonnes to 262,375 tonnes while nickel stocks fell 96 tonnes to 7,764 tonnes. Silver stocks were up 150,000 troy ounces at 36.11m.

LME tin stocks were also up—by 1,000 tonnes to 34,145 tonnes—but the cash price gained another £70 to £8,160 a tonne. Dealers put this down to "shortcovering" induced by the weakness of sterling against the dollar and recent heavy support buying on behalf of the International Tin Council.

This buying is believed to have been aimed at narrowing the excessive gap between London and Penang tin prices.

Reuter adds: World tin consumption each quarter is running some 2,000 to 3,000 tonnes above current export quotas permitted by the International Tin Council (ITC).

Immigrant expulsion boosts cocoa prices

BY OUR COMMODITIES STAFF

NIGERIA'S DECISION to expel illegal Ghanian immigrants helped to boost cocoa values to 16-month highs on the London futures market yesterday. The May position ended £24 up at £1,295.50 a tonne after reaching £1,309 a tonne at one stage.

Dealers explained that the repatriation of the Ghanians from Nigeria was expected to involve ships usually used to transport cocoa and was therefore likely to cause temporary supply difficulties.

They said the market was also influenced by higher New York cocoa prices on Friday night and yesterday's gold price rise. Concern over the effects of dry weather on West African and Brazilian crops remained an important background factor, they added.

The International Cocoa Organisation (ICCO) secretariat yesterday issued its first forecast for the 1982/83 world crop balance. Though its estimated deficit of 5,000 tonnes was much less than the 68,000 tonnes deficit projected by the ICCO statistics committee in December dealers said the later figure was close to market expectations and therefore had little price impact.

The secretariat put the 1982/1983 world crop at 1.64m tonnes down from 1.7m in 1981/82, and world grindings at 1.63m, up from 1.58m. The forecast deficit is derived after deducting 1 per cent from gross production for weight less in processing.

Main changes from the statistics committee projection concern forecasts of production and grindings in the Ivory Coast. Nigeria's production is put at 170,000 tonnes against 160,000 in December while the Ivory Coast is put at 395,000 tonnes against 390,000. At the same time, grindings projections for the two countries have been cut by 30,000 tonnes and 10,000 respectively.

A 5,000 tonnes deficit in the coming season would still leave the stocks total at around 680,000 tonnes, equivalent to about five months' consumption. But it would bring the first stocks reduction since the 1976-77 season.

Coffee futures also began the day on a higher note, continuing last week's strong tone. Dealers said nearby positions were supported in the expectation that they would inherit strength from the expiring January quotation.

This proved not to be the case and after January went off the board the March quotation, which had reached £1,743 a tonne earlier, fell back to £1,691.50 a tonne, £42.50 below Friday's close.

Saudis to participate in Unctad fund

By Michael Strauss

SAUDI ARABIA has decided to take part in the multi-billion-dollar common fund for commodities. Unctad is intensifying its efforts to launch the fund and officials have indicated that routine visits to national capitals will be stepped up in an effort to secure government approvals for the delayed programme.

● The FT spot oil price service has been extended to include daily quotes on North Sea Brent crude. The price is being assessed in the way as other rates quoted under London Oil Spot Prices. Quotations are for free-on-board cargoes, reflecting where possible deals done rather than market expectations.

● DEVELOPING countries will lose an estimated $60.8bn (£39.4bn) in commodity export earnings over the period 1981-1985, according to an Unctad report.

● INDIA plans to export 650,000 tons of sugar in 1983 to take advantage of rising prices. This will enable India to become a major sugar supplier again.

● ALCAN is to raise the prices of plate, sheet and forging slab products for commercial and defence use. Prices rise by 5 per cent for deliveries before April 15 and thereafter by a further 5 per cent.

● GUYANA Mining Enterprise, which runs the country's bauxite industry, should seek outside help to improve its management, says the World Bank.

● THE FT and the International Wheat Council will sponsor a conference on the outlook for World Grains. It will be held in London on March 22-23.

Falklands crisis torpedoes Argentine corned beef

BY A CORRESPONDENT

ARGENTINE corned beef sales in Britain are suffering as an after-effect of the Falklands conflict.

Argentina's share of the British corned beef market stood at about £28m in the early '80s. It came to an abrupt end during the Falklands conflict when Britain imposed a trade ban. Even if the ban were now lifted, the market would stand little chance of recovery, and in any case, trade could not be resumed until Britain restored a full health inspectorate in Argentina.

The Safeways supermarket chain reports that sales were depressed during the war. "We took all Argentine corned beef off our shelves."

But as early as December, 1981—long before the Falklands crisis—Marks and Spencer took its final delivery of Argentine corned beef, having concluded that the Brazilian product was better.

Sainsbury's, Safeways and other supermarket chains now offer a choice of brands, primarily from Brazil, Europe and Africa, while Marks and Spencer sells only Brazilian.

Overall, during the last two years there has been a marked trend toward Brazilian brands. These have increased their share in the market from £19m in 1980 to £57m.

African and European suppliers have also increased their share, though Brazil easily leads the field in Britain. This new trading pattern is consolidating and market factors are firmly combining with a strong patriotic preference for non-Argentine brands.

Marlow to head Food from Britain

By Our Commodities Staff

THE KEY marketing post in Food from Britain (FFB), the body being set up by Mr Peter Walker, the Agriculture Minister, to streamline the selling of British-produced food at home and abroad, is going to Mr Bill Marlow, at present director of the Meat and Livestock Commission's Meat Promotion Executive (MPE).

He will take up the post of executive director of FFB's British Food Board when the body begins operations on April 1. He will be responsible for strategic planning and for establishing a team of specialists to execute detailed plans for expanding markets for British agricultural producers and food manufacturers.

Mr Marlow has been director of MPE since its establishment in 1975. Previously he worked for Unilever, the Lintas advertising agency and Matthews Holdings, Europe's biggest turkey producer. He has been vice-chairman of the British Food Export Council since 1980.

Mr Nicholas Saphir will be the executive chairman. Mr Trevor Barker is moving from his post as UK marketing manager of Food from France to become FFB's marketing manager.

Nicaragua looking forward to bumper coffee crop

BY TIM COONE IN NICARAGUA

NICARAGUA is heading for a bumper coffee crop this year, according to Mr Jose Buitrago, the head of the state coffee board, Encafe. The total harvest is expected to reach 1,400,000 quintales (64,000 tonnes) and would be greater but for the shortage of pickers he said.

Thousands of volunteers are helping to bring in the crop in the north of the country, where some 60 per cent of the beans have already been harvested.

"Normally, around 5 per cent of the total crop will mature before it can be picked," said Mr Buitrago.

"This year about 10 per cent will fall from the trees and be lost because of the labour shortage."

Attacks by right-wing guerilla units had partially disrupted the harvest, especially in the border region close to Honduras.

He said that the agrarian reform had also reduced the seasonal labour supply, as many peasant farmers were now putting more effort into basic grain production in response to increased credit availability and price subsidies to producers.

The Ministry of Agriculture announced last month a 20 per cent increase in the producer coffee price to $1.19 a lb. Encafe is the sole buying agency for coffee in Nicaragua.

Mr Buitrago said that Nicaragua aims to export 1,200,000 quintales this year, 300,000 of which will be to non-traditional markets outside the International Coffee Agreement.

● Nicaragua is to export 4.5m boxes of bananas this year through the U.S. company Pandal Brothers. Its contract with the Nicaraguan Foreign Trade Ministry will mean some $20m (£12.98m) worth of Nicaraguan bananas will be marketed in California in 1983.

Standard Fruit, which formerly marketed all of Nicaragua's banana exports, pulled out of the country at the beginning of November last year, saying that low international prices and high production costs were making its operations unprofitable.

It broke a five-year marketing contract with the Government and effectively wrote-off $2m owed to it in compensation for the nationalisation of most of its Nicaraguan operations in 1980.

Torrential rain damages Cuban tobacco crops

HAVANA—Torrential rains have dashed Cuban hopes of a bumper tobacco crop. The Cuban Ministry of Agriculture was expecting a record crop for the Vuelta Abajo tobacco growing region of Western Cuba but rainfall so far this month has been almost four times higher than average.

Despite emergency measures involving thousands of volunteer workers, almost 3,500 hectares of tobacco plants were destroyed and another 4,500 hectares damaged out of a total 33,550 hectares, the Ministry said.

Rainfall also damaged the tobacco crop in Villa Clara province in Central Cuba, although the extent of damage was not known.

In Vuelta Abajo, work to replant the lost acreage has begun "to try to allow the province to achieve its projected goals," said Sr Orland Gutierrez, an Agriculture Ministry official.

During the first 25 days of January, 219 millimetres of rain fell in Western Cuba. The average rainfall in January is 58 mm.

The Cuban Government said last September it would like to reschedule its $3.5bn foreign debt, owed largely to the Soviet Union.

Agencies

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 31 1983	+ or —	Month ago
Metals			
Aluminium	$810/815	......	$810/815
Free Mkt.	$1170/1200	......	$995/1025
Copper			
Cash h grade	£1053.75	+10	£925.25
3 mths	£1084.70	+14	£948.75
Cash Cathode	£1029	+19	£894.20
3 months	£1057.25	+17.25	£911.5
Gold troy oz	$500	+5.5	$448
Lead Cash	£307.25	+3.75	£288.25
3 months	£310.25	+4	£300.25
Nickel	£4384	......	£4135.5
Free mkt.	178/208c	+0	178/220c
Palladium	$130.25	+0.5	‡
Platinum	£312.00	+2.2	£238.90
Quicksilver†	$335/345	......	$340/355
Silver troy oz	902.10p	+33.8	673.05p
3 mths	925.60p	+34.2	690.00p
Tin cash	£8160	+70	£7425.5
3 month	£8105	+67.5	£7437.5
Tungsten	[illegible]		[illegible]
Wolfram 22.04 lb	[illegible]		[illegible]
Zinc Cash	[illegible]		[illegible]
3 mths	[illegible]		[illegible]
Producers	[illegible]		[illegible]

	Jan. 31 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$452.50z	+7	$447.5
Groundnut	$460x	......	‡
Linseed Crude	£352	......	£308
Palm Malayan	$375w	......	$375
Seeds			
Copra Philip	$300z	......	$300
Soyabean (U.S.)	$242y	......	$236
Grains			
Barley Fut. May	£118.25	+0.35	£114.60
Maize	£147.00y	......	£144.00
Wheat Fut. May	£127.85	+0.85	£121.40
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1236	+23	£1130
Fut. May	£1295.5	+24	£1111.5
Coffee Ft. Mar	£1691.5	+42.5	£1607.5
Cotton A. Index	72.65c	+0.1	70.45c
Gas Oil Mar.	$257.25	—6	$281.25
Rubber (kilo)	58.5p	+0.0	49.70p
Sugar (Raw)	[illegible]		[illegible]
Wool tps 64s kilo	[illegible]		[illegible]

‡ Unquoted. w March. y Feb. x Jan-Feb. z Feb-March. † Per 76-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

[illegible]

GAS OIL FUTURES

After opening about $4.00 lower, the market steadied to the highs in light volume. A weaker U.S. opening and an easier physical market led to prices dropping to close on the lows, reports Premier Man.

[illegible]

GOLD MARKETS

Gold rose $5½ an ounce from Friday's close in the London bullion market yesterday to close at $499½-500¼. The metal opened at $494½-495¼ and rose to a best level of $503-504 before easing back in the afternoon on light profit taking as the dollar continued to show a firmer trend.

In Paris the 12½ kilo bar was fixed at FFr 112,500 per kilo ($504.44 per ounce) in the afternoon compared with FFr 112,000 ($502.40) in the morning and FFr 110,100 ($495.90) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 39,440 per kilo ($502.00 per ounce) against DM 38,800 ($495.00), and closed at $499-500 from $493½-494½.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $497.25 from $493.75.

In Zurich gold finished at $499-502 from $492-495.

[illegible]

LONDON FUTURES

[illegible]

EUROPEAN MARKETS

[illegible]

BRITISH COMMODITY MARKETS

BASE METALS

Base-metal prices moved ahead on the London Metal Exchange following the further weakness in sterling and another firm performance by precious metals. Copper touched £1,090 before closing at £1,088 despite the stocks increase, while Lead was finally £319.5 and Zinc £477. Support buying boosted Tin to £8,157.5. Aluminium continued its recent strong run and touched £803.5 prior to closing at £800.0.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	1056-7	+18.2	[illegible]	[illegible]
3 months	1087.5	+19	[illegible]	[illegible]
Settlem't	1057	+18.5	[illegible]	[illegible]
Cathodes				
Cash	1028.5-9.5	+7.7	[illegible]	[illegible]

[illegible]

TIN

[illegible]

LEAD

[illegible]

ZINC

[illegible]

ALUMINIUM

[illegible]

NICKEL

[illegible]

SILVER

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

JUTE

[illegible]

POTATOES

[illegible]

TEA AUCTIONS

[illegible]

MEAT/FISH

[illegible]

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

[illegible]

AMERICAN MARKETS

NEW YORK, January 31

[illegible]

NEW YORK

[illegible]

CHICAGO

[illegible]

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101⅞	95¼	Treasury 12pc 1983‡‡	100⅛	...	11.99	11.25
100⅝	92⅞	Treasury 9¼pc '83	99¼	–⅛	9.32	11.22
104⅝	96⅞	Exch 13½pc '83	101⅞	...	13.27	11.02
101¾	91⅞	Exch. 10pc 1983	99¼	–⅛	10.08	10.71
98¼	87⅛	Funding 5½pc '82-84‡‡	96¾	–⅛	5.68	10.87
101¾	91⅞	Exch. 11¼pc 1984	100¼xd	–⅛	11.22	11.03
107¼	96¾	Exchequer 14pc 1984	103⅛	–⅛	13.58	11.38
94½	81⅛	Exch. 3pc 1984	93	–⅛	3.23	8.48
105¼	91½	Treasury 12pc 1984	101⅛	–⅛	11.87	11.23
112	96¾	Treasury 15pc 1985	106⅛xd	–⅛	14.10	11.50
132¼	89½	Exch. 12pc Cnv. '85	101½	–1⅛	11.82	11.16
91¾	73½	Treasury 3pc 1985	89¼	–⅛	3.36	8.22
105½	97½	Treasury 11½pc 1985	100½	–⅛	13.44	13.27
102	95½	Treas 8¼pcCr85 (£60pd)	95¼	–⅛	9.14	10.50
107⅞	88⅝	Exch. 12¼pc 1985	101½	–⅛	12.07	11.57
106⅞	86⅛	Exch. 13¼pc '86	100½xd	–⅛	11.69	11.57
89½	69	Treasury 3pc 1986	86¼	–⅛	3.48	7.81
107¾	86¾	Treasury 12pc '86	101⅛	–⅛	11.86	11.54
100	80¼	Treasury 8½pc '84-86‡‡	95⅛	–½	8.94	10.22
116¼	96½	Treas. 12¼pc '86 Cnv.	105½	–⅛	11.61	10.33
114	91⅞	Exch. 14pc 1986	106¼	–⅛	13.13	11.69
112	90	Exch 13¼pc 1987	104⅞	–⅛	12.63	11.68
04	03½	Exchequer 2½pc 1987	83¼	–⅛	2.98	7.18
103½	95⅞	Exch. 10½pc 1987	96⅛	–⅛	10.83	11.42
93⅛	73⅞	Funding 6½pc '85-87‡‡	90¼	–½	7.16	9.18
05¼	64½	Treasury 3pc 1987	84¾	...	3.54	7.06
109	85⅞	Treas. 12pc 1987	100⅛	–⅛	11.89	11.64
98	72½	Treasury 7¼pc '85-88‡‡	90¼	–¼	8.54	10.16

Five to Fifteen Years

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102¼	95½	Exch 10½pc '88	97	–½	11.13	11.90
81	60⅛	Transport 3pc '78-88	78¼	–¼	3.85	8.10
99	41	Treas. 9½pc '88	92½	–½	10.45	11.71
107⅞	79⅞	Treasury 11½pc 1989	96½xd	–½	11.84	12.19
85⅝	62½	Treasury 5pc '86-89	78⅛	–½	6.47	9.69
117¼	05⅞	Treasury 13pc 1990‡‡	104¼	–¼	12.54	12.20
112	85⅝	Exch. 12½pc 1990	105⅛	–¼	12.41	12.34
98⅛	70⅛	Treasury 8¼pc '87-90‡‡	86¼	–½	9.69	11.26
110¼	77⅞	Treasury 11¾pc 1991	98¼	–¼	12.05	12.23
84⅞	59¾	Funding 5¾pc '87-91‡‡	78½	–½	7.58	10.00
104⅛	76⅛	Exch. 11pc 1991	97½	–½	11.64	12.02
116⅞	81⅞	Treasury 12¾pc '92‡‡	103¼	–⅛	12.39	12.21
102¼	70	Treasury 10pc 1992	89¼xd	–¼	11.14	11.87
112¼	80⅞	Exch. 12¼pc '92	99¼xd	–½	12.24	12.26
118¼	88⅝	Exchequer 13½pc '92	111	–¼	12.72	12.38
130½	80⅛	Treasury 12½pc '93‡‡	102¼	–½	12.30	12.22
81½	56¼	Funding 6pc 1993‡‡	74¼	–½	8.28	10.32
124¼	88	Treasury 13¾pc 1993‡‡	131¼	–½	12.66	12.28
128¼	91⅛	Treasury 14½pc '94‡‡	113xd	–½	12.71	12.16
119¼	86¼	Exchequer 13½pc 1994	110¼	–½	12.66	12.37
115½	80⅛	Exch. 12½pc 1994	100½xd	–⅛	12.35	12.31
96⅛	66¼	Treasury 9pc '94‡‡	86½	–½	10.64	11.39
113¼	76½	Treasury 12pc '95	98⅝	–⅛	12.20	12.26
66¼	42⅞	Gas 3pc '90/95	61½	–½	4.94	8.12
103¼	68½	Exch. 10¼pc 1995	89	–½	11.56	12.03
116⅛	83¼	Treasury 12¾pc '95‡‡	106⅛	–⅛	12.27	12.13
127¼	86¼	Treas. 14pc '96	130⅛	–⅛	12.78	12.39
97	66⅝	Treasury 9pc '92/96‡‡	87	–½	10.77	11.45
133	96	Treasury 15¼pc '96‡‡	122¼	–⅛	12.86	12.35
120	86	Exchequer 13¼pc '96‡‡	130	–½	12.36	12.14
63¼	43⅝	Redemption 3pc 1986-96	58½	–½	5.22	8.24
124	83½	Treasury 13¼pc '97‡‡	107¼	–½	12.34	12.14
105⅛	69⅞	Exchequer 10½pc 1997	90xd	–½	11.59	11.90
96⅛	64	Treasury 8¾pc 1997‡‡	80¼xd	–⅛	10.75	11.40
132¼	94¼	Exch. 15pc 1997	121¼	–¼	12.79	12.40

Over Fifteen Years

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
79¼	54½	Treasury 6¾pc '95-98‡‡	69¼	–½	9.92	11.15
138¼	99½	Treas. 15½pc '98‡‡	127¼	–¼	12.71	12.29
116⅝	78¼	Exch. 12pc 1998	101¼	–¼	12.08	12.08
100⅝	66	Treasury 9½pc 1999‡‡	86¼	–⅛	11.07	13.45
116	81¼	Exch. 12¼pc 1999	105¾	–¼	12.13	11.11
107	71⅛	Treasury 10½pc 1999	93	–½	13.55	11.77
124¼	82¼	Treas. 13pc 2000	107	–¼	12.22	12.12
131	89	Treas. 14pc '98-01	114½	–¼	12.52	12.27
116½	76½	Exch. 12pc '99-02	100	–¼	12.04	12.05
129½	85⅞	Treas. 13¾pc 2000-03	111¼	–¼	12.33	12.16
113¼	78¼	Treasury 11½pc '01-04	102	–¼	11.77	13.88
50¼	33¼	Funding 3½pc '99-04	43½	–½	8.08	9.94
123⅛	81⅝	Treasury 12½pc '03-05	107⅛	–⅛	11.93	11.86
87¼	59¾	Treasury 8pc '02-06‡‡	77½	–½	10.68	10.99
116⅞	75⅞	Treasury 11¾pc 03-07	99¾	–1	11.82	11.02
128½	90	Treas. 13½pc '04-08	116¼	–¼	11.05	11.93
64	44¼	Treasury 5½pc '08-12‡‡	56⅛	–⅛	10.13	10.58
85½	55⅝	Treasury 7¾pc '12-15‡‡	72¼xd	–½	10.75	10.89
124	81⅛	Exch. 12pc '13-'17	106½	–¼	11.45	11.42

Undated

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
42¼	27⅛	Consols 4pc	35¼xd	–⅛	11.35	—
37¼	26⅛	War Loan 3½pc‡‡	32	–¼	11.14	—
42	31½	Conv. 3½pc '61 Aft.	37¼	–¼	9.57	—
32¼	21	Treasury 3pc 66 Aft.	28¼	–¼	10.80	—
27	17¾	Consols 2½pc	22¼	–¼	11.08	—
26⅞	17⅝	Treasury 2½pc	23	–¼	11.28	—

Index-Linked & Variable Rate

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100⅝	99⅛	Treas. Variable '83	99⅛	.....	11.44	11.29
					(1)	(2)
108¼	95	Treas. 2pc I.L. '88	105⅛	.....	1.91	2.19
112	93	Do. 2pc I.L. '96	111¼	+⅛	2.37	2.48
103¼	93¼	Do. 2½pc I.L. 2001	103⅞	.....	2.35	2.44
102½	95½	Do. 2½pc I.L. 2003	102⅛	.....	2.37	2.46
107	86⅛	Do. 2pc I.L. 2006	106⅛	.....	2.31	2.39
103	96	Do. 2½pc I.L. 2009	102½	.....	2.38	2.45
118	90	Do. 2½pc I.L. 2011	108½xd	+⅛	2.33	2.48
25¼	25	Do. 2½pc I.L. 2016	25¼	.....	2.35	2.41

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
116¼	99¾	Australia 13½pc 2010	102¼xd	–¼	13.14	15.16
108¼	92¼	Finland 14½pc Ln 1986	104½	–¼	13.88	12.75
30⅛	21¼	Int-Am Dev Bk 12½pc 2003	21¼	–¼	16.68	14.02
109	90¼	Int. Bank 13½pc 1986	103	–½	13.10	12.33
111½	97	Do. 14pcLn 1987	105¼	–¼	13.25	12.34
101⅞	78½	Mex 16½pc 2008	78½xd	+¼	21.02	23.11
112½	98½	N.Z. 14¼pc 1987	106	–½	13.40	12.42
107½	90¼	Sweden 13½pc 1986	102¼	–¼	13.26	12.78

CORPORATION LOANS

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102½	85	Bath 11¼pc 1985	97¼	–¼	11.51	12.20
104⅞	89⅛	Birm'ham 12½pc 1985	100½	–½	12.49	12.38
108½	07	Burnley 13pc 1987	101¾	–¼	12.78	12.45
101¾	01¾	Cardiff 11pc 1986	95¼	–¼	11.48	12.43
104¼	94⅝	G.L.C. 13¼pc 1984	101½xd	–¼	13.05	11.73
01¼	53¼	Do. 6¾pc 90-92	71½xd	.....	9.39	11.90
89	67½	Herts 6½pc 1985-87	83¼	–¼	0.06	11.43
114¼	85	Leeds 13½pc 2006	108	–⅛	13.01	12.97
100⅛	87½	Liverpool 9¼pc '80-84	97¼	–¼	10.02	12.07
31½	21½	D. 3½pc Irred.	28¼	.....	12.45	—
104⅝	95½	Lon. Corp. 13¼pc '83	101	–⅛	13.12	11.05
99¼	82¼	Do. 9¼pc '84-85	94	–⅛	9.83	11.90
93⅞	78¾	LCC 5½pc '82-84	91¼	–¼	5.98	13.55
84⅞	64¼	Do 5½pc '85-87	01¼	–¼	6.74	10.97
87	56	Do 6¾pc '88-90	76½	.....	8.85	11.59
26¼	19½	Do. 3pc '20 Aft.	23½	.....	13.21	—
104½	90¼	Sunderland 12¼pc 1984	100¼	–¼	12.22	12.03

COMMONWEALTH AND AFRICAN LOANS

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
98⅞	85¼	Aust. 6pc 1981-83	96¼	.....	6.29	11.90
03¼	57	N.Z. 7¼pc 1988-92	75	–½	9.71	11.78
93½	74¼	Do. 7½pc '83-86	88¼	.....	8.52	11.98
167	136	S. Rhod 2½pc Non-Ass.	163	.....	—	—
80	58	Do. 3½pc 80-85 Assd.	80	.....	12.09	11.19
55	52	Do. 4½pc 87-92 Assd	47xd	.....	9.57	15.60
402	318	Zimbabwe Ann (£100pa)	377	–3	—	17.96

LOANS

Public Board and Ind.

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
77½	37¼	Agric. Mt. 5pc '59-89	73¼	–½	6.86	10.97
38	24¼	Met. Wtr. 3pc 'B'	51½	.....	9.71	12.48

LOANS—Continued

Financial

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103¼	95½	FFI 14pc '83	101⅝		13.78	12.01
94½	80	FFI (Uk) Fr(6¾)pcDb '81-84	92½	+½	6.87	11.90
103½	82½	Do. 10½pc Uns Ln. '86	97	..	10.91	12.00
105	78	Do 11pc Uns.Ln '88	97	...	11.44	11.80
106	78	Do 11¼pc Uns Ln '90	98	.	11.99	12.20
108¼	82	Do. 12½pc Un. Ln 1992	102	.	12.83	13.00
81	54	Do 7¼pc A Deb '89-92	74½	–½	4.94	11.70
79½	53	Do. 7¾pcADeb '91-94	74	.	10.26	12.00
90	62	Do. 9pc 'A' '91-94	84		11.17	12.20
07¼	57⅛	Do. 8⅞pcLn. '92-97	76½xd	+½	11.60	11.63

Building Societies

1982/83 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102⅛	100	Nat'wide 15⅝pc 7.2.83	100⅛	..	—	—
101⅞	99⅝	Do 14¼pc 14.3.83	100⅛	..	14.23	12.92
102¼	99⅝	Do. 14¼pc 4.4.83	100⅛	...	14.20	11.80
102⅝	100⅛	Do 14¼pc 25.4.83	100⅝	...	14.66	11.56
102¼	99⅛	Do. 13⅞pc 23.5.83	100½	..	13.81	12.03
102⅞	100⅛	Do. 13⅞pc 13.6.83	100¼	...	13.83	11.60
102¼	100⅛	Do. 14pc 4.7.83	100⅞	.....	13.90	13.72
102¼	100⅛	Do. 13⅛pc 25.7.83	100⅝xd	.	13.04	11.89
101½	99⅛	Do. 11⅞pc 13.8.83	100⅛xd	.....	11.03	11.26
101	98⅛	Do 11¼pc 30.8.83	100	.....	11.25	11.36
101¼	99¼	Do. 11⅝pc 3.10.83	99⅛	...	11.46	12.40
100¼	98¼	Do. 9⅞pc 31.10.83	98½	..	10.09	12.13
99¼	48	Do. 9⅞pc 28.11.83	98⅛	.....	10.04	12.02
100¼	99⅛	Do. 11¼pc 19.12.83	99½	...	11.31	11.89

FOREIGN BONDS & RAILS

1982/83 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
17	18	Chinese 4½pc 1898	12	...	—	—
14	13	Do. 5pc 1912	11	.....	—	—
14	6	Do. 5pc 1913	12	.....	—	—
12	6	Do. 5pc '25 Boxer	0	.....	—	—
44	42	Greek 7pc Ass.	43	.....	3½	8.25
42	40	Do 6pc 28 Stb. Ass.	41	..	3	7.59
38	35	Do 4pc Mixed Ass.	38	.....	2	5.27
35	25	Hung. '24 Ass	28	.....	2¼	10.35
122	87½	Hydro Quebec 15pc Ln 2011	104xd	.....	13	14.76
[illegible]						

AMERICANS

[illegible]							

CANADIANS

[illegible]						
22	994p	Tor Dom Bk. $1.	21¼	+½	$2.00	—	4.7
14½	743p	Trans Can Pipe	14⅛	+⅛	$1.28	—	4.6

BANKS & HIRE PURCHASE

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
282	182	ANZ $A1	230	.....	028c	3.1	7.7	4.2
315	205	Alexanders D. £1	270	–2	20.0	—	10.8	—
£75½	£48	Algemene Fl.100	£70	–½	Q26%	1.0	9.0	6.2
102	75	Allied Irish	100	.....	045.3%	4.0	9.8	3.3
164	92½	Ansbacher (H.)50p	115	.....	3.5	—	4.3	—
275	200	Bk. Ireland £1	260	.....	Q29.4%	—	9.8	—
3½	2	Bank Leumi	2½	.....	—	—	—	—
*227	130	Bk. Leumi (UK)£1	148	.....	10.15	—	10.6	—

BANKS & H.P.—Cont.

[illegible]								

Hire Purchase, etc.

[illegible]								

BEERS, WINES AND SPIRITS

[illegible]								

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]								

CHEMICALS, PLASTICS

[illegible]								

CHEMICALS, PLASTICS—Cont.

[illegible]								

DRAPERY AND STORES

[illegible]								

ELECTRICALS

[illegible]								

ELECTRICALS—Continued

[illegible]								

ENGINEERING MACHINE TOOLS

[illegible]								

FOOD, GROCERIES, ETC.

[illegible]								

FOOD, GROCERIES—Cont.

[illegible]								

HOTELS AND CATERERS

[illegible]								

INDUSTRIALS (Miscel.)

[illegible]								

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
250	75	Falcon Rh.50c	250	..	Q25c	10.3	7.0
33	18	Wankie Col. Z$1	20	+2	†Q3c	1.2	10.2
24	12	Zam.Cpr.SBD0.24	24	+1	—	—	—

Australians

Tins

Miscellaneous

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
87	20	♥Anglo-Dominion	70	+5	—	—	—
125	25	♥Anglo Utd. Dev.	89	+2	—	—	—
		For Burma see Southwest Res					
130	27	♥Colby Res Corp.	115	......	—	—	—
440	170	Cons. Murch. 10c.	413	......	‡Q60c	1.9	‡
8	1½	‡‡Exploura Gold	4	......	—	—	—
155	55	♥Highwood Res	155	+5	—	—	—
£40⅛	£25	Homestake Mining $1	£39⅛	–⅛	Q40c	—	0.6
470	160	Northgate C$1	415	–5	—	—	—
547	344	R.T.Z.	543	+10	16.0	1.6	4.2
£121½	£84	Do 9½%Cn.Uns.Ln.'95-2000	£121½	+4	Q9½%	23.9	7.9
28	11	♥Sabina Inds C$1	27	+1	—	—	—
17	12½	‡Southwest Res 10p.	17	......	—	—	—
530	270	♥Tara Exptn $1	515	+15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Φ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- 0 No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound at closing low against firm dollar

A firming of Eurodollar interest rates and nervousness about the contents of the U.S. Budget ahead of the presentation to Congress made the dollar very firm in subdued European trading yesterday. Squaring of positions at the month end kept the market quiet, with the U.S. currency steadily gaining ground to finish around its highest levels of the day.

Indications that Opec is prepared to defend a price level of $30 a barrel calmed some of the nervousness about downward spiralling oil prices and helped to support the pound against Continental currencies and the yen, but failed to prevent sterling falling to a record closing low of $1.52 against the strong dollar.

DOLLAR — Trade-weighted index (Bank of England) 121.0 against 120.5 six months ago. The dollar has returned to favour as hopes of an early cut in the discount rate recede. The prospect of large fund raising by the authorities has also kept rates firm while fundamentals such as trade and budget deficits have been ignored as a bear factor.

The dollar rose to DM 2.4660 from DM 2.4310 against the D-mark; to FFr 6.9950 from FFr 6.8925 against the French franc; to SwFr 2.0135 from SwFr 1.9875 in terms of the Swiss franc; and to Y240 from Y236.25 against the Japanese yen.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5200. December average 1.6178. Trade-weighted index 80.9 against 81.0 at noon, 81.2 at the opening, 90.9 at the previous close, and 91.5 six months ago. Sterling is very weak on fears of lower North Sea oil prices and recent disarray within Opec. There is also uncertainty caused by the possibility of an early general election. Sterling is now trading around an all time low against the dollar, and is also unsettled against other currencies.

Sterling opened at a peak of $1.5370-1.5380, but fell steadily to a low of $1.5180-1.5190 in the afternoon, before ending at an all time closing low of $1.5195-1.5205, a fall of 1.60 cents on the day. On the other hand the pound improved to DM 3.75 from DM 3.7375; to FFr 10.63 from FFr 10.5850; to SwFr 3.0625 from SwFr 3.0550; and to Y365 from Y363.

D-MARK—Trading range against the dollar in 1982-83 is 2.5940 to 2.2410. December average 2.4225. Trade weighted index 127.4 against 125.1 six months ago. The D-mark has shown a weaker tendency recently in the run up to a March general election. But as the possibility of a discount rate cut before the election recedes, so the D-mark has shown signs of steadying, helped by favourable trade figures.

Trading was quiet in Frankfurt yesterday. The dollar was fixed higher at DM 2.4475 compared with DM 2.4388 helped by a small rise in Euro-dollar rates. However there was little activity in the absence of any fresh news. Sterling was hardly changed at DM 3.7450 against DM 3.7470 while the Dutch guilder slipped to DM 91.00 per Fl 100 from DM 91.020. The Belgian franc was firmer at DM 5.1090 from DM 5.1050 per BFr 100 and the French franc was marginally firmer at DM 35.295 per FFr 100 from DM 35.285.

JAPANESE YEN—Trading range against the dollar in 1982-83 is 277.35 to 219.00. December average 242.41. Trade weighted index 143.8 against 131.5 six months ago. The yen has improved against the dollar on the attraction of Japanese capital and equity markets. High foreign interest rates had previously led to an outflow of funds.

The dollar improved against the yen in Tokyo yesterday, rising to Y238.40 at the close compared with Y236.85 on Friday. The dollar opened at a low of Y237.70 and rose on steady demand although there was little in the way of fresh factors to influence trading. Elsewhere the D-mark rose to Y97.87 from Y97.33.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	44.9932	+0.05	+1.35	±1.5501
Danish Krone ...	8.23400	8.06961	−2.00	−0.70	±1.6430
German D-Mark	2.33379	2.29656	−1.60	−3.30	±1.0888
French Franc ...	6.61387	6.50653	−1.62	−0.32	±1.3940
Dutch Guilder ...	2.57971	2.52495	−2.12	−3.82	±1.5004
Irish Punt	0.691011	0.690173	−0.19	+1.18	±1.6691
Italian Lira	1350.27	1318.69	−2.26	−1.54	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Jan. 31	£	$		£ Note Rates
Argentina Peso	82,243-82,280	53,740-53,733	Austria	26.20-26.50
Australia Dollar	1.5700-1.5790	1.0325-1.0350	Belgium	75.55-76.56
Brazil Cruzeiro	418.65-423.63	275.81-275.28	Denmark	13.11-15.25
Finland Markka	8.2155-8.2275	5.4153-5.4140	France	10.57-10.67
Greek Drachma	137.168-130.391	95.90-84.20	Germany	3.76¼-3.77¼
Hong Kong Dollar	10.01¼-10.33¼	6.5683-6.5743	Italy	2135-2175
Iran Rial	128.70*	84.60*	Japan	363-369
Kuwait Dinar KD	0.443-0.444	0.29110-0.29125	Netherlands	4.13-4.14
Luxembourg Fr.	73.10-73.20	48.10-48.12	Norway	10.90-11.00
Malaysia Dollar	3.4675-3.4825	2.2755-2.2775	Portugal	140-165
New Zealand Dlr.	2.1185-2.1935	1.3830-1.3850	Spain	191¼-206
Saudi Arab. Riyal	5.2400-5.2460	3.4505-3.4410	Sweden	11.36-11.46
Singapore Dollar	3.1550-3.1700	2.0700-2.0790	Switzerland	3.05-3.09
Sth. African Rand	1.6525-1.6555	1.0740-1.0745	United States	1.52-1.54
U.A.E. Dirham	5.5955-5.6005	3.6715-3.6755	Yugoslavia	119-189

*Selling rates.

CURRENCY MOVEMENTS

Jan. 31	Bank of England Index	Morgan Guaranty Change %
Sterling	80.0	−33.5
U.S. dollar	121.0	+11.6
Canadian dollar	89.8	−17.7
Austrian schilling	118.6	+28.6
Belgian franc	94.0	−1.5
Danish kroner	83.8	−0.5
Deutsche mark	127.4	+53.6
Swiss franc	153.2	+109.8
Guilder	118.8	+27.3
French franc	75.7	−13.7
Lira	53.2	−58.5
Yen	145.8	+36.6

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 31	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.709634	0.612436
U.S. $	9¼	1.08645	0.937945
Canadian $	9.83	*	1.15836
Austria Sch	4¼	19.6598	16.1256
Belgian F	11½	58.1360	44.9839
Danish Kr	10	9.34075	8.06961
D mark	5	2.65909	2.29656
Guilder	4¼	2.98309	2.53435
French F	9½	7.53516	6.50653
Lira	19	1529.72	1319.69
Yen	5½	263.466	223.325
Norwgn Kr	9	7.76486	6.70443
Spanish Pta	—	140.645	121.533
Swedish Kr	8	8.09835	6.99145
Swiss Fr	4½	2.17203	1.87514
Greek Dr'ch	20½	91.2564	79.7536

*C$/SDR rate for Jan 28: 1.34498.

THE POUND SPOT AND FORWARD

Jan 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5180-1.5380	1.5195-1.5205	0.28-0.23c pm	2.01	0.84-0.79 pm	2.14
Canada	1.8780-1.8980	1.8795-1.8805*	0.25-0.15c pm	1.28	0.60-0.50 pm	1.17
Nethlnd.	4.10-4.13½	4.11½-4.12½	2¼-1¾c pm	5.83	6½-6 pm	6.07
Belgium	73.00-73.50	73.10-73.20	5-15c dis	−1.64	35-45 dis	−2.19
Denmark	13.12-13.20	13.13-13.14	7¼-8¼ore dis	−7.02	22-23¾ dis	−6.87
Ireland	1.1210-1.1310	1.1235-1.1265	0.53-0.65p dis	−6.30	1.38-1.61dis	−5.32
W. Ger.	3.73½-3.76½	3.74½-3.75½	1¾-1¼pf pm	5.20	5¾-5½ pm	5.73
Portugal	140.00-145.00	141.25-143.25	355-1130c dis	−62.64	760-1665dis	−34.09
Spain	197.00-199.00	197.30-197.80	75-100c dis	−5.32	300-355dis	−6.63
Italy	2,142-2,163	2,142½-2,144½	14-18lire dis	−8.96	55-60 dis	−10.73
Norway	10.87-10.87	10.87-10.89	1½-2¼ore dis	−1.93	5⅞-7 dis	−2.37
France	10.60-10.65	10.62½-10.63½	4¼-6¼c dis	−5.93	23-26 dis	−8.22
Sweden	11.36-11.44	11.36-11.37	1¼-2¼ore dis	−1.85	1¼-2 dis	−0.57
Japan	362-367	364½-365½	1.45-1.25y pm	4.44	3.70-3.50 pm	2.95
Austria	26.15-26.40	26.20-26.25	11¾-9¾gro pm	4.92	36¼-32 pm	5.24
Switz.	3.05-3.08	3.05¾-3.06¾	2¾-1⅞c pm	8.33	6¾-6¼ pm	8.33

Belgian rate is for convertible francs. Financial franc 75.50-75.60. Six-month forward dollar 1.30-1.25c pm. 12-month 2.10-1.95c pm.
* The closing rate on January 28 should have read 1.8975-1.8985.

THE DOLLAR SPOT AND FORWARD

Jan 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5180-1.5380	1.5195-1.5205	0.28-0.23c pm	2.01	0.84-0.79 pm	2.14
Ireland†	1.3485-1.3630	1.3485-1.3500	0.91-0.91c pm	7.62	2.46-2.30 pm	7.01
Canada	1.2340-1.2375	1.2365-1.2375	0.10-0.13c dis	−1.12	0.30-0.33dis	−1.02
Nethlnd.	2.6870-2.7100	2.7080-2.7100	0.87-0.77c pm	3.64	2.77-2.67 pm	4.03
Belgium	47.85-48.12	48.10-48.12	16-18c dis	−4.24	51-55 dis	−4.41
Denmark	8.5900-8.6300	8.6200-8.6300	4.40-5.40ore dis	−6.82	14.5-15.5dis	−6.96
W. Ger.	2.4345-2.4665	2.4655-2.4665	0.67-0.62pf pm	3.14	2.23-2.18 pm	3.58
Portugal	92.00-95.00	93.00-95.00	250-750c dis	−63.83	550-1450dis	−42.55
Spain	129.40-129.90	129.85-129.90	80-100c dis	−8.33	265-285 dis	−8.64
Italy	1,404-1,411	1,410-1,411	12½-14lire dis	−11.29	44-47 dis	−12.93
Norway	7.1390-7.1650	7.1560-7.1650	3-3ore dis	−4.20	7.30-8.30dis	−4.37
France	6.9200-6.9975	6.9925-6.9975	4.20-4.70c dis	−7.67	19½-20½dis	−11.49
Sweden	7.4445-7.4800	7.4700-7.4800	2-2½ore dis	−3.61	4.20-4.70dis	−2.38
Japan	237.60-240.20	239.95-240.05	0.50-0.43y pm	2.32	1.72-1.62 pm	2.78
Austria	17.16-17.26	17.25-17.26	4½-3½gro pm	2.87	14¼-12¼ pm	3.13
Switz.	1.9915-2.0150	2.0130-2.0140	1.04-0.99c pm	9.05	3.18-3.13 pm	6.27

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.
Belgian rate is for convertible francs. Financial franc 49.65-49.75.

EXCHANGE CROSS RATES

Jan. 31	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.520	3.750	365.0	10.65	3.063	4.120	2144.	1.880	75.15
U.S. Dollar	0.658	1.	2.467	240.1	6.995	2.016	2.711	1410.	1.237	48.13
Deutschemark	0.267	0.405	1.	97.33	2.838	0.817	1.099	571.6	0.501	19.51
Japanese Yen 1,000	2.740	4.164	10.27	1000.	29.13	8.390	11.29	5875.	5.151	200.4
French Franc 10	0.941	1.430	3.528	343.4	10.	2.881	3.875	2016.	1.760	68.81
Swiss Franc	0.327	0.496	1.224	119.2	3.471	1.	1.345	699.9	0.614	23.88
Dutch Guilder	0.243	0.369	0.910	88.58	2.580	0.743	1.	520.3	0.456	17.75
Italian Lira 1,000	0.467	0.709	1.749	170.3	4.959	1.428	1.922	1000.	0.877	34.13
Canadian Dollar	0.532	0.809	1.995	194.1	5.654	1.629	2.191	1140.	1.	38.91
Belgian Franc 100	1.367	2.078	5.126	499.0	14.53	4.187	5.632	2930.	2.570	100.

FINANCIAL FUTURES

Nervous trading

Trading conditions were rather unsettled in the London International Financial Futures Exchange yesterday. Dollar prices tended to reflect market uncertainty ahead of the U.S. budget announcement and this week's Federal refunding programme while sterling based prices were affected by the pound's weak performance against the dollar. The pound was pushed lower on fears about a possible fall in oil prices. This helped to create something of a vicious circle with gilts marked lower as sterling fell on the one hand while foreign sales of gilts pushed sterling lower on the other. The March contract opened at 98-20 and eased in line with the cash market to a low of 97-23 before recovering marginally on short covering to finish at 97-31 compared with Friday's close of 98-24.

Short sterling performed in a similar manner, opening at 88.88 for March delivery and falling to a low of 88.74 before recovering to finish at 88.76 compared with 88.91 at the previous close. Sterling issues were pushed lower as Chicago came into the market and Euro-dollar prices were also marked down as cash prices showed a firmer trend. Dealers noted a growing perception that a recovery in the U.S. may not be as far away as had previously been thought, with a consequential easing in the downward pressure on U.S. rates. The March Euro-dollar contract opened at 90.57 against Friday's close of 90.56 and fell to a low of 90.41, finishing at 90.42.

On a slightly brighter note in the short sterling sector, dealers noted a widening spread on the March/June contract prices, reflecting improved hopes that UK interest rates may be set for a fall in months to come.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.42	90.57	90.41	90.56
June	90.08	90.15	90.07	90.19
Sept	89.82	89.93	89.78	89.90
Dec	89.58	89.64	89.58	89.71
March	89.35	89.48	89.48	89.48

Volume 685 (1,123)
Previous day's open int 3,252 (3,291)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	88.76	88.88	88.74	88.91
June	89.15	89.22	89.13	89.29
Sept	89.12	89.15	89.12	89.22
Dec	89.13	89.10	89.13	89.18

Volume 488 (700)
Previous day's open int 2,846 (3,733)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	97-31	98-31	97-23	98-24
June	97-23	98-06	97-23	98-17
Sept	97-13	98-00	97-10	98-07

Volume 791 (574)
Previous day's open int 2,281 (2,190)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) −4 to +4 cum div. +2 to 10 ex div (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5220	1.5320	1.5210	1.5370
June	1.5156	1.5255	1.5152	1.5305

Volume 281 (178)
Previous day's open int 978 (972)

DEUTSCHE MARKS DM125,000 $ per DM

	Close	High	Low	Prev
March	0.4081	0.4108	0.4081	0.4118
June	0.4134	0.4134	0.4134	0.4159

Volume 27 (19)
Previous day's open int 250 (245)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.5020	0.5040	0.5011	0.5049
June	0.5098	0.5098	0.5098	0.5130

Volume 61 (35)
Previous day's open int 273 (288)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4187	0.4217	0.4183	0.4238
June	0.4215	0.4245	0.4215	0.4270

Volume 48 (64)
Previous day's open int 186 (215)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	73-11	73-23	73-06	73-28
June	72-21	73-02	72-16	73-06
Sept	72-05	72-18	72-03	72-21
Dec	71-23	72-02	71-23	72-08
March	71-18	71-22	71-19	71-31
June	71-13	71-14	71-10	71-23
Sept	71-04	71-07	71-04	71-17
Dec	70-30	71-01	70-28	71-12
March	70-30	70-30	70-30	71-08
June	—	—	—	71-04

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.77	91.89	91.72	91.92
June	91.45	91.57	91.43	91.60
Sept	91.20	91.24	91.16	91.31
Dec	90.96	91.00	90.93	91.03
March	90.75	90.79	90.71	90.79
June	90.56	90.56	90.52	90.56
Dec	90.18	90.20	90.18	90.21

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.92	89.92	89.85	89.96
March	90.78	90.88	90.73	90.91
June	90.33	90.41	90.30	90.46
Sept	90.04	90.10	90.04	90.15

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.12	90.24	90.12	90.28
June	89.74	89.82	89.74	89.89
Sept	89.48	89.54	89.48	89.58
Dec	89.31	89.32	89.28	89.38
Feb	—	—	—	—

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.5170	1.5270	1.5140	1.5330
June	1.5086	1.5220	1.5080	1.5270
Sept	1.5076	1.5076	1.5045	1.5230
Dec	1.5050	1.5180	1.5025	1.5195
March	—	—	—	—
June	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	67-19	68-01	67-15	68-05
June	66-21	67-02	66-18	67-08
Sept	66-02	66-10	66-00	66-19
Dec	65-16	65-29	65-16	66-01
March	65-08	65-16	65-06	65-19
June	64-30	65-05	64-30	65-09
Sept	64-23	64-23	64-23	64-30
Dec	64-15	64-22	64-15	64-22
March	—	—	—	64-14
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

Authorised Units—continued

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq., Edinburgh 2 031-225 6001

High Yield	19.4	20.4	....	11.60
Do. Accm.	19.4	20.4	....	11.60
Aust. & Pac.		16.6	....	1.36

Henderson Administration (a) (b) (c)
Premier UT Admin, 5 Rayleigh Road, Hutton, Brentwood, Essex. 0277 217238
Overseas Funds

Australian	67.3	72.4	−0.2	2.42
European	69.8	75.0	+1.8	3.91
Japan Trust	45.5	48.9	+3.6	0.38
Jap Spl Sit	47.5	50.8		0.10
Pac Sm Cos	95.1	102.3	−0.5	1.72
North Am	97.4	108.7	+1.8	0.45
Amer Sm	161.8	173.8	+2.6	0.01
Am Rec Ts	76.0	82.4	+0.3	1.52

Insurances—continued

Commercial Union Group
St Helen's, 1 Undershaft EC3. 01-283 7500

Varbl An Jan 29	123.82	−2.11	—
An Uts Feb 4	29.55	−0.37	—

Prime Series

Managed	95.0	100.0	....	—
UK Equity	95.0	100.0	....	—
Intl Equity	95.0	100.0	....	—
Property	95.0	100.0	....	—
Fixed Int	95.0	100.0	....	—
Inds-Lkd Gt	95.0	100.0	....	—
Cash	95.0	100.0	....	—

Hand-in-Hand

Cash	116.2	122.4	....	—
Fixed Int	127.5	134.3	....	—
Property	131.6	138.6	....	—
Nat West	160.4	168.9	....	—

Albany Life Assurance Co Ltd
3, Darkes Lane, Potters Bar. 0707 42311
Pension Funds

EqtPen FdAc	522.3	549.7	+3.5	—
FxdI PenAcc	378.1	398.0	−0.8	—
GtMonPnAc	230.9	243.1	+0.3	—
IntMnPnAc	212.5	223.6	+0.1	—
NAmPnFdAc	99.4	104.6	....	—
Prop Pen Ac	210.3	221.3	....	—
MpliavPnAc	445.0	468.6	+1.0	—

MONEY MARKETS

Rates edging firmer

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

Interest rates showed a nervous upward trend in late London money market trading yesterday. This reflected sterling's weakness against the dollar. Fixed period rates were little changed for most of the day, but rose by about 1/16 per cent towards the close despite the pound's steady performance against other major currencies. In the interbank market overnight loans were around 11-11½ per cent for the most part, but fell to a low of 10 per cent when the Bank of England gave extra assistance to the money market in the afternoon.

The Bank of England forecast a money market shortage of £550m, and gave help of £590m through outright purchases of bills and repurchase agreements. Exchequer transactions added £150m to market liquidity, and a fall in the note circulation another £230m. But these were outweighed by bills maturing in official hands and a take-up of Treasury bills from Friday's tender amounting to £850m.

Total help in the morning was £557m, including outright purchases of £450m. These were by way of £6m bank bills in band 1 (up to 14 days maturity) at 11 per cent £264m bank bills in band 2 (15-33 days) at 11 per cent; £88m bank bills in band 3 (34-63 days) at 11 per cent; £1m local authority bills in band 4 (64-91 days) at 11 per cent; and £91m bank bills in band 5 (64-84 day) at 11 per cent. Another £107m bills were bought for resale on March 7 at 11-11 1/32 per cent.

The Bank of England also purchased £33m bank bills outright in the afternoon.

In Frankfurt the Bundesbank has made available DM 5.8bn through 28-day securities repurchase agreements at a rate of 5.85 per cent.

In Amsterdam the Dutch central bank offered a special liquidity advance to prevent an upward trend in short-term interest rates. Seasonal tax payments and demand for funds to meet a large Government bond issue had threatened to drive up rates, but they have allocated Fl 4.317bn to the market by way of special advance.

LONDON MONEY RATES

Jan. 31 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	10-11⅛	—	—	—	11-11¼	10-11⅛	—	—	—
2 days notice	—	—	11¼-11⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11⅝	—	—	—	—
7 days notice	—	11⅛-11⅛	11¼-11⅛	—	—	11¼	11-11⅛	—	—	—
One month	11 3/16-11 1/16	11⅛-11⅝	11⅝-11⅛	18¼-11⅞	11⅛	11⅞	11	11 1/32-11 1/16	11 1/32	11 9/16
Two months	11 3/16-11 1/16	11⅛-11 1/16	11⅝-11⅛	19⅛-11⅜	11⅝	11⅞	11	11 1/32-11 1/16	11 1/32	11 9/16
Three months	11⅝-11⅛	11 5/16-11 1/16	11⅝-11⅛	19⅛-11¼	11¾	—	11	11 1/32-11 1/16	11 1/32	11 9/16
Six months	11⅝-11¼	11 7/16-11 5/16	11⅝-11 7/16	11¼-10⅞	11⅝	—	—	—	10⅞-10 15/16	11⅛
Nine months	11⅝-11¼	11⅝-11⅛	—	11⅜-11⅛	11⅝	—	—	—	—	—
One year	11⅝-11¼	11⅝-11⅛	11⅝	11⅝-11¼	—	—	—	—	—	—
Two years	—	—	11⅝	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 8 1982 to January 4 1983 (inclusive) 10.833 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11¾ per cent; four years 11⅞-12 per cent; five years 11⅞-12 per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 11⅛ per cent; four months trade bills 11¼ per cent.

Approximate selling rate for one month Treasury bills 10 15/16-11 per cent; two months 10 15/16-11 per cent and three months 10 15/16-11 per cent. Approximate selling rate for one month bank bills 11 1/32 per cent; two months 11 1/32 per cent and three months 11 1/32 per cent; trade bills 11 15/32 per cent; two months 11 15/32 per cent and three months 11 15/32 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from February 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 8 per cent.

Treasury Bills: Average tender rate of discount 10.9368 per cent. Certificates of Tax Deposit (Series 5). Deposits of £100,000 and over held under one month 11½ per cent; one-three-month 11½ per cent; three-12-month 11½ per cent. Under £100,000 11¼ per cent from January 28. Deposits held under Series 3-5 11¼ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 31	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	11¼-11⅜	11¼-11⅜	11⅛-11⅜	11 5/16-11 7/16	11⅜-11⅝	11 7/16-11 9/16
U.S. Dollar	9⅝-9⅞	8¾-9	9-9¼	9⅛-9⅜	9 5/16-9 9/16	9¾-10
Can. Dollar	9¾-10¼	9¾-10¼	10 1/16-10 5/16	10¼-10⅝	10 3/16-10 7/16	10 5/16-10 9/16
D. Guilder	5-5⅛	5-5⅛	5-5⅛	5 3/16-5 5/16	5 5/16-5 7/16	5 5/16-5 7/16
S. Franc	1¾-2	1⅞-2⅛	2 5/16-2 9/16	2⅞-3	3 1/16-3 5/16	3⅝-3⅞
Deutschm'rk	5⅛-5	5 5/16-5 7/16	5¾-5⅞	5¾-5⅞	5 13/16-5 15/16	6⅛-6
Fr'nch Franc	12⅛-15	14-15	16⅛-17	20-20½	20-20⅛	19-19½
Italian Lira	15½-17	10-20	19⅞-21⅛	28⅛-23¼	20¾-21⅛	19⅝-20⅛
Belg. Franc Conv.	11½-12⅛	12-15½	13-14	13-14	13⅛-14¼	12⅞-13⅝
Fin.	18¼-16½	19½-13⅛	12½-13⅛	19¼-18½	13¼-19½	18¼-19½
Yen	6⅝-6¾	6¼-6⅛	6⅝-6¾	6⅝-6¾	6⅝-6¾	6⅝-6¾
D. Krone	18-19½	16⅞-17⅝	17¾-19¼	19¼-18¾	18⅛-18⅝	17⅞-19⅝
Asia $ (Sing.)	9¾-9⅞	9⅛ 9	9 1/16-9 3/16	9¼-9⅜	9 9/16-9 11/16	9¾-9⅞

FT LONDON INTERBANK FIXING

(11.00 a.m. JANUARY 31)

3 months U.S. dollars		6 months U.S. dollars	
bid 9 5/16	offer 9 7/16	bid 9 9/16	offer 9 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	8½-8⅝
Treasury bills (13-week)	8.10
Treasury bills (26-week)	8.17

GERMANY

Lombard	9.0
Overnight rate	5.95
One month	5.70
Three months	5.925
Six months	5.825

FRANCE

Intervention rate	12.375
Overnight rate	12.625
One month	12.6875
Three months	12.6875
Six months	12.5625

JAPAN

Discount rate	5.5
Call (unconditional)	6.84375
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4½
Overnight rate	½-1¼
One month	2⅛-2⅜
Three months	2¼-2⅞

NETHERLANDS

Discount rate	4½
Overnight rate	5-5½
One month	5-5½
Three months	5⅛-5⅜
Six months	5⅛-5⅜

$ CERTIFICATES OF DEPOSIT

One month	8.65-8.75
Three months	8.80-8.90
Six months	9.00-9.10
One year	9.35-9.55

LONG TERM EURO $

Two years	10¾-11
Three years	11⅛-11⅜
Four years	11⅜-11⅞
Five years	11¼-12

SDR LINKED DEPOSITS

One month	8⅞-9⅛
Three months	9 1/16-9 5/16
Six months	9 5/16-9 9/16
One year	9½-9⅞

ECU LINKED DEPOSITS

One month	10¼-10½
Three months	11 1/16-11 5/16
Six months	11¼-11½
One year	10 15/16-11 3/16

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 31 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviation: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (cb) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	0.9890
Algeria	Dinar	(A) 6.9770
Andorra	French Franc	10.65
	Spanish Peseta	197.55
Angola	Kwanza	(CM) 48.664
Antigua (S)	E. Caribbean $	4.104
Argentina	Ar. Peso	82,260
Australia (S)	Australian $	1.5710
Austria	Schilling	26.225
Azores	Portugu'se Escudo	142.25
Bahamas	Ba. Dollar	1.5200
Bahrain	Dinar	0.578
Balearic Isles	Spa. Peseta	197.55
Greenland	Danish Kroner	13.155
Granada	E. Caribbean $	4.104
Guadaloupe	Local Franc	10.63
Guam	U.S. $	1.5200
Guatemala	Quetzal	1.5200
Guinea Republic	Syli	34.55
Guinea Bissau	Peso	81.60
Guyana	Guyanese $	4.5875
Haiti	Gourd	7.730
Honduras Repub.	Lempira	3.0755
Hong Kong	H.K. $	10.0225
Hungary	Forint	63.56
Iceland	I. Krona	28.9165
Peru	Sol	exc(A)1,086.90
Philippines	Philippine Peso	15.90
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.1215
Poland	Zloty	(Cm)133.08
		(T)133.08
Portugal	Portugu'se Escudo	142.25
Puerto Rico	U.S. $	1.5200
Qatar	Qatar Ryal	5.58
Reunion Ile de la	French Franc	10.65
Romania	Leu	(Cm)7.00
		(N/C)19.67
Rwanda	Rwanda Franc	146.12
St. Christopher	E. Caribbean $	4.104